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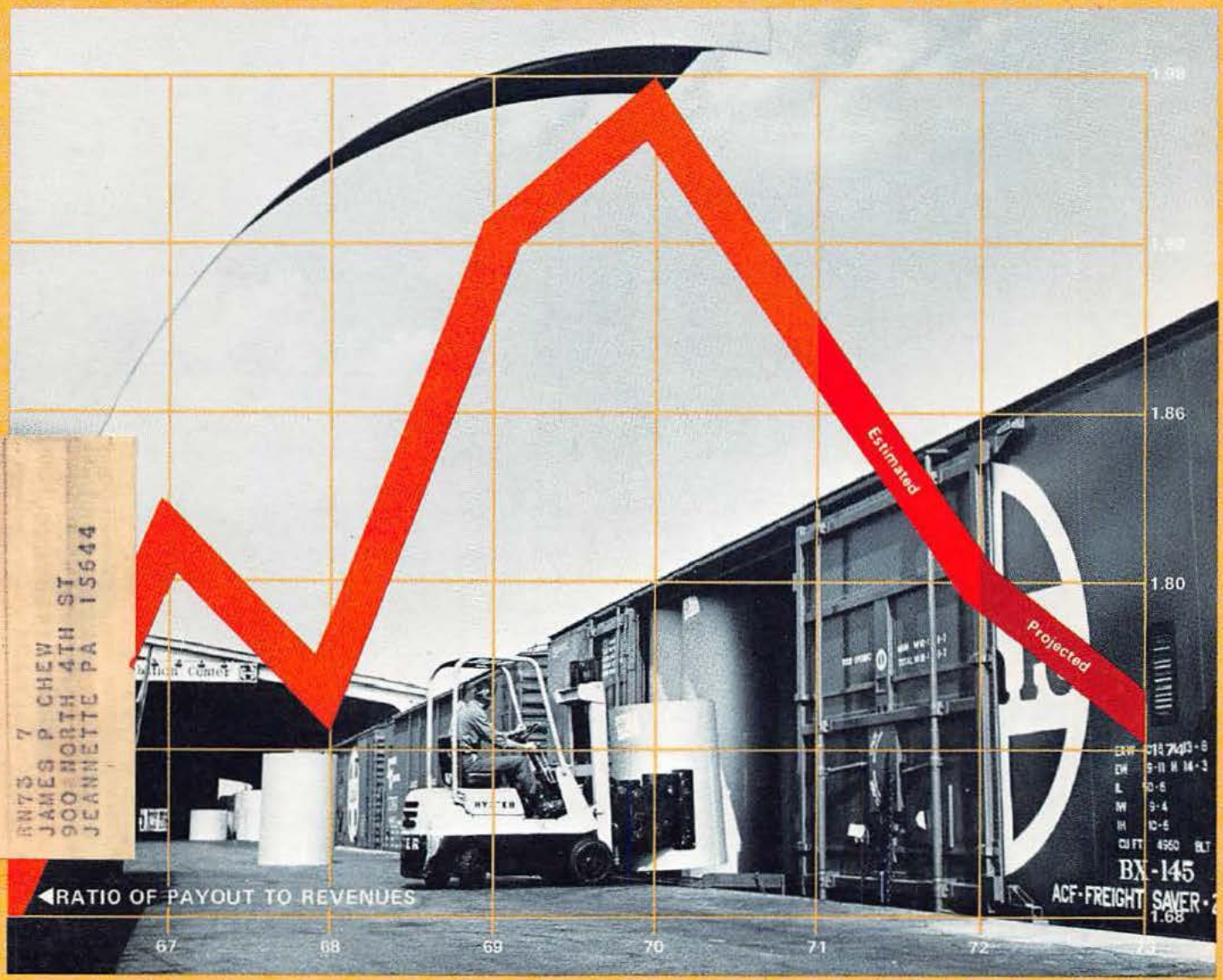
March 26, 1973

RAILWAY AGE

L&D PREVENTION



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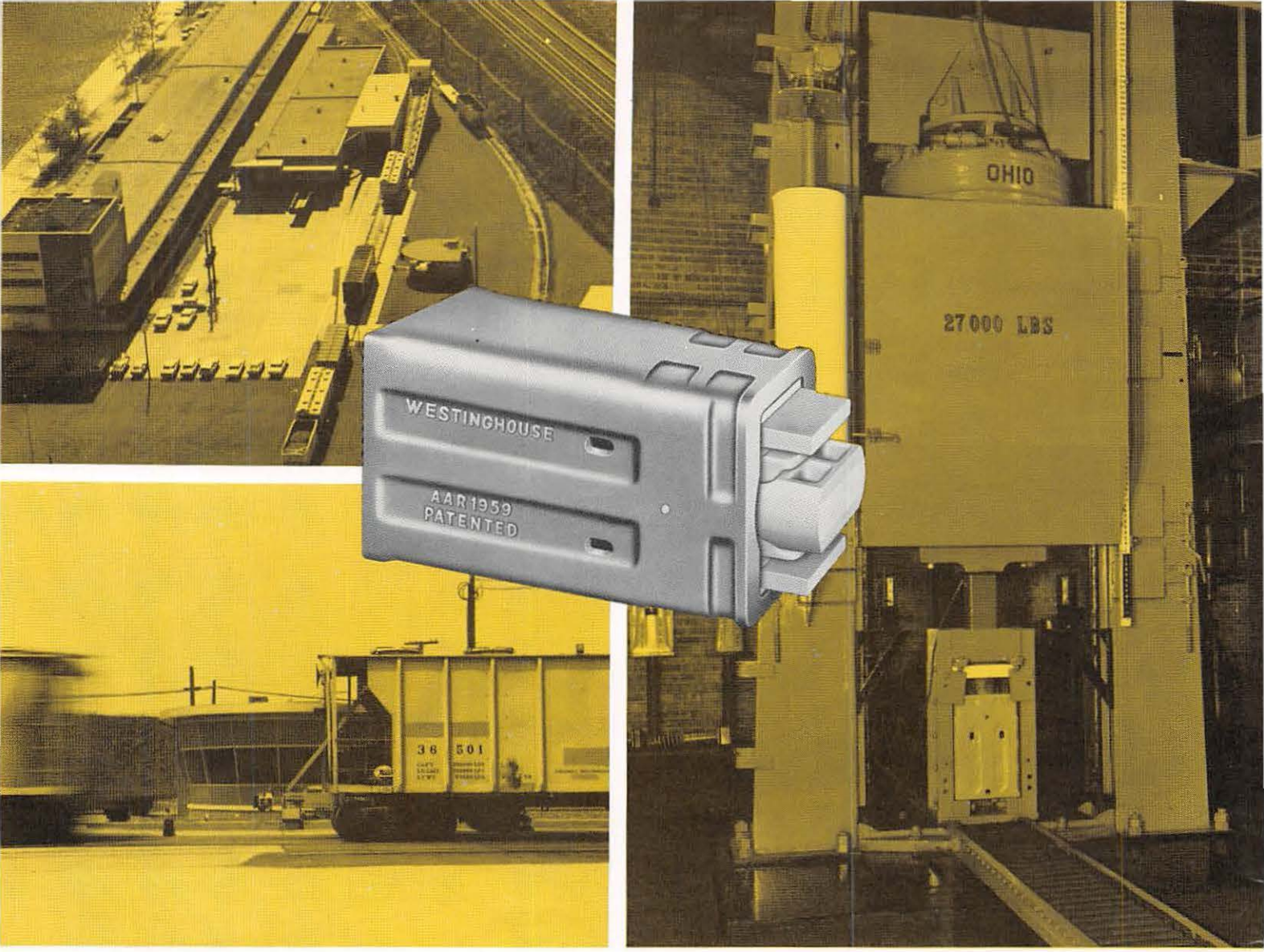
The trend is right



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Circle 1 on coupon page 45

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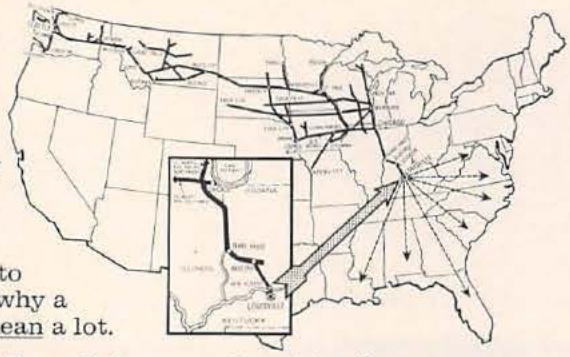

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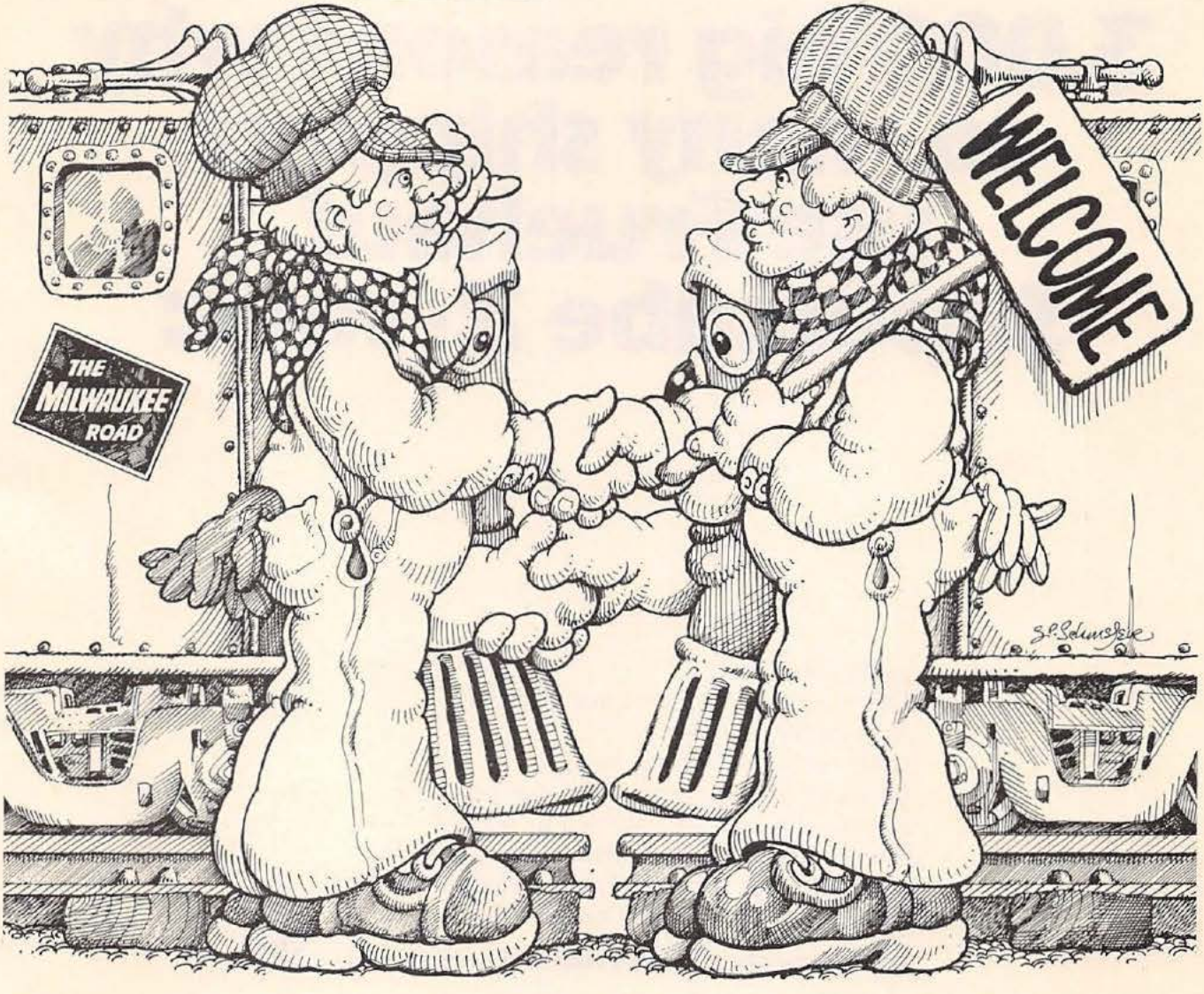

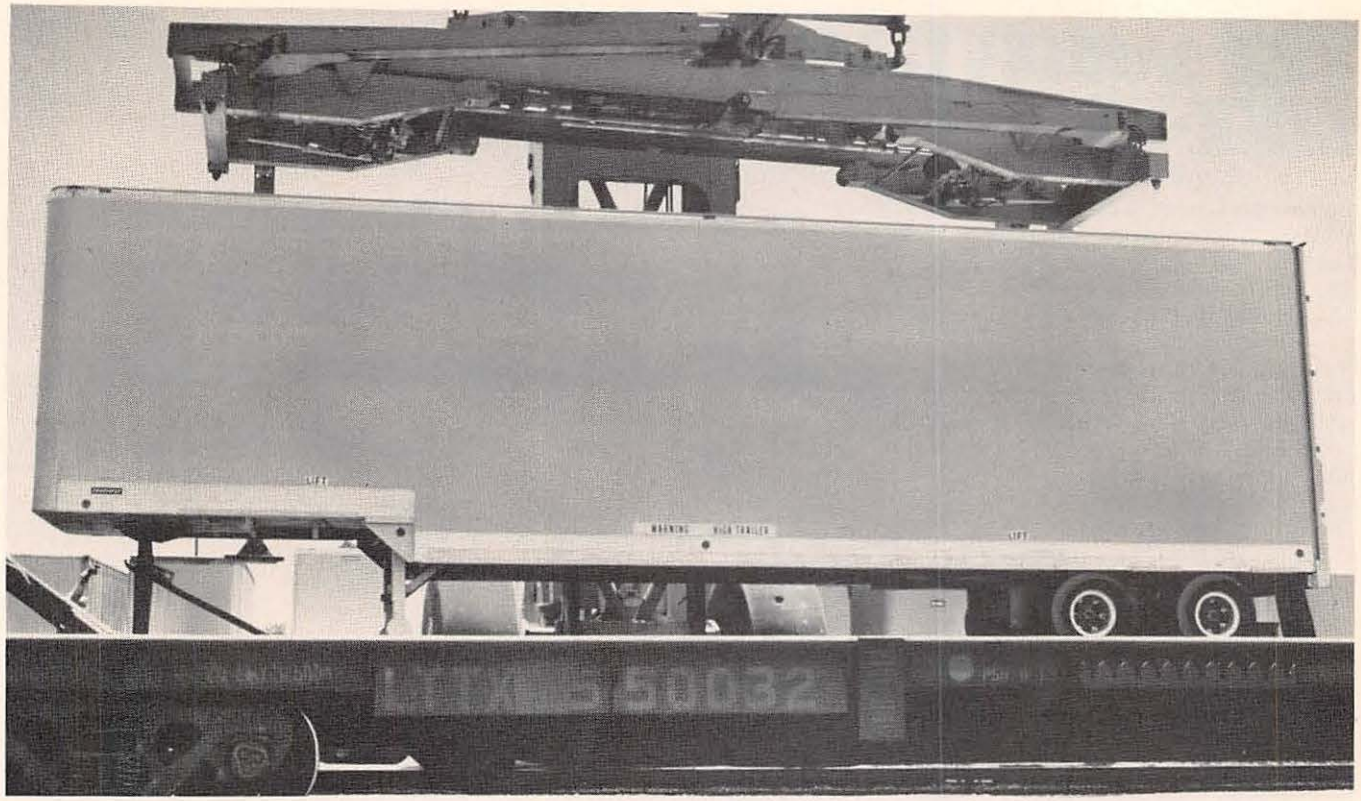

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March 26, 1973 • Vol. 174 No. 6

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supporting ASTRO

Inside

LUTHER MILLER

BREAKING UP THE PC

"Toot, toot, Pennsy, good-bye," was the grimly flippant headline in a Philadelphia newspaper recently; while one could quarrel with the copy desk's choice of words, they nonetheless seemed to sum up a growing feeling that the Penn Central Transportation Co. is not fated to survive in anything like its present form. Not everybody was putting it as bluntly as FRA Administrator John W. Ingram, who told the New York Times' Bob Bedingfield, "I don't think there has got to be a Penn Central"—by which he meant, he said, that there were other ways PC's essential freight and passenger-carrying obligations could be discharged. However, a railroad-industry position on the PC crisis was beginning to emerge and it appeared to be similar to what DOT reportedly had in mind as its own solution: sell off the Washington-to-Boston line of PC to the government for development as a high-speed passenger corridor; and let other carriers pick up the viable pieces.

Up until recently, major railroad spokesmen outside of the Northeast have had little to say publicly about the situation. Then, within a few days, both John P. Fishwick of Norfolk & Western and Louis W. Menk of Burlington Northern had their say. Their comments are summarized on p. 42.

MEANWHILE AND ELSEWHERE

While one would hardly know it from the conflagration of crisis headlines, there is good news, too, in the railroad industry. The best news, over the short term anyway, was the reaching of a 1973 settlement by the railroads and their unions with unprecedented speed and amicability (p.10). Equally good news perhaps, over the long term, is that reported by Associate Editor Bob Bartley in the article leading off our annual report on loss and damage prevention (p. 14). "After ten straight years of nothing but up, up, up, L&D is changing its course," reports Bartley. "And, from all indications, the trend reversal is no fluke."

Even the northeast news is not all gloomy. Mechanical Editor Fred Houser recently traveled to Bangor, Me., to see how things are going with a railroad that rarely makes the headlines. He came back and reported, "I've got a man-bites-dog story." The story is about the Bangor & Aroostook's turnaround, and it asks at the outset: "Is it news when a northeastern railroad does not go bankrupt?" We decided that it is. The story begins on p. 30.

In our Feb. 26 issue, we aired the gripes (and a smattering of compliments) of shippers on railroad freight sales methods. A Canadian view on what can be done to improve selling—and also what shippers should be doing to help achieve better total distribution—appears on pp. 34-35. The author is J. Frank Roberts, who started out with Canadian National Railways in 1939, at the age of 17, as a machinist apprentice, and one year ago was appointed vice president of CN's St. Lawrence Region with headquarters at Montreal.

unloading a big problem

For some time, a chemical company in the South had been shipping chemical products to West Virginia by barge. An efficient, time-honored means of transportation.

Except that by today's standards, unloading became a problem. Air pollution, they called it. And it had to be unloaded, of course, so trucks and railroad cars could take the product to its final destination.

What to do? To clear the air, the chemical company would have had to spend thousands of dollars for pollution-free unloading equipment.

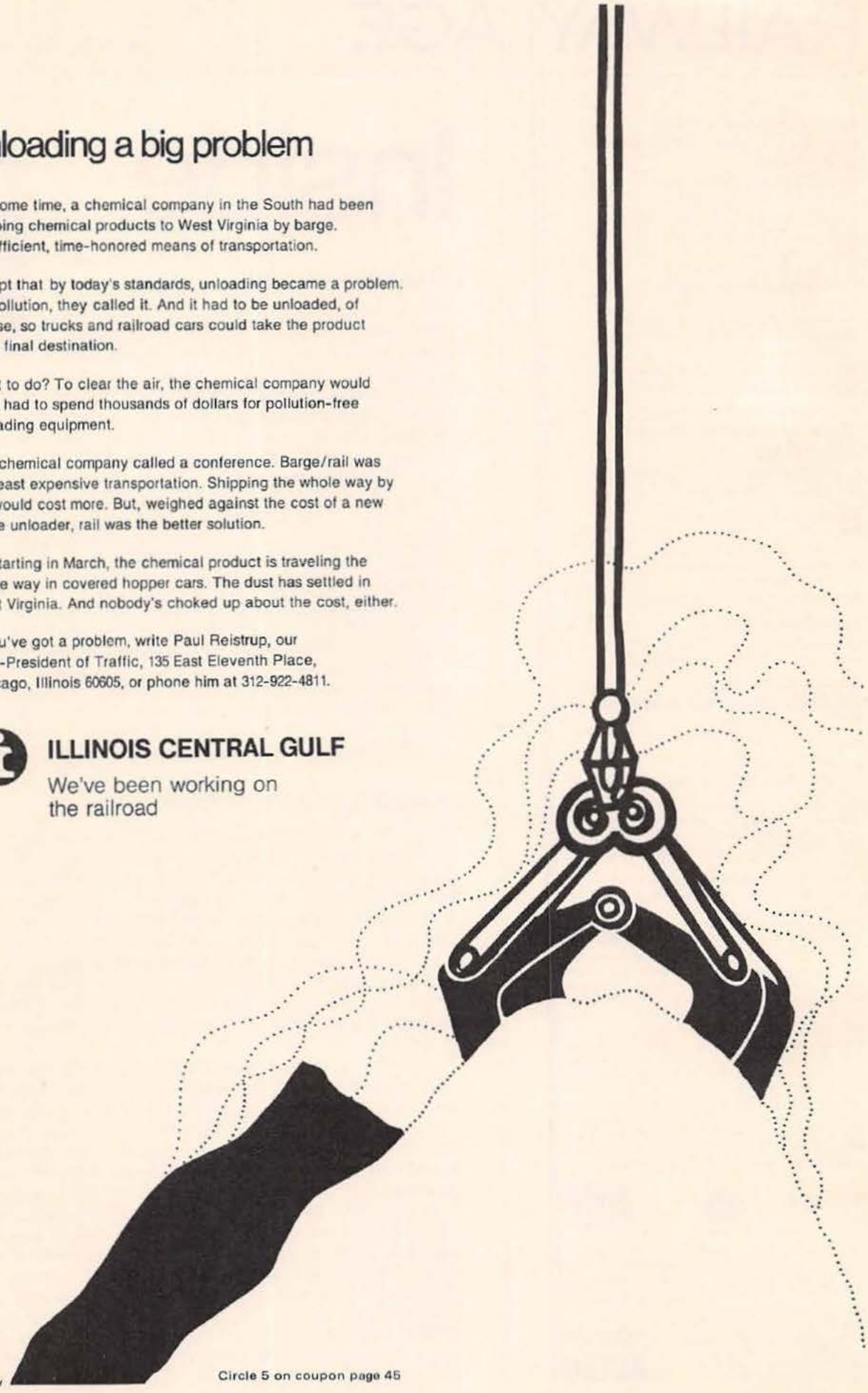
The chemical company called a conference. Barge/rail was the least expensive transportation. Shipping the whole way by rail would cost more. But, weighed against the cost of a new barge unloader, rail was the better solution.

So starting in March, the chemical product is traveling the whole way in covered hopper cars. The dust has settled in West Virginia. And nobody's choked up about the cost, either.

If you've got a problem, write Paul Reistrup, our Vice-President of Traffic, 135 East Eleventh Place, Chicago, Illinois 60605, or phone him at 312-922-4811.

ILLINOIS CENTRAL GULF

We've been working on the railroad



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RAILWAY AGE

March 26, 1973

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Short and Significant

NEW LIFE FOR FAR NORTH RAIL LINE?

British Columbia Premier David Barret has endorsed a two-year study of the feasibility of an oil-hauling, double-track rail line from Alaska's North Slope to northern Alberta. It would be an alternative to building a pipeline across either Alaska or Canada. Last year the Canadian Institute of Guided Ground Transport reported that rail haulage was economically viable and would have less adverse environmental impact than a pipeline (RA, Aug. 28, 1972, p. 57). A U.S. consortium has also proposed a single-track rail line across Alaska which would be integrated with the Alaska Railroad. It would roughly parallel the hotly contested pipeline alignment planned by Alyeska Pipeline Service Co.

FEDERAL AID ASKED FOR CROSSING PROGRAM.

A federally funded program of grade-crossing improvements being considered by Congress could save 700 lives a year, says Max R. Sproles. In testimony prepared for a hearing of the House Transportation Subcommittee, Sproles cited a study made for the Federal Railroad Administration which showed that a program beginning with the improvement of 30,000 grade crossings and separation of 500 others could reduce accidents, fatalities and injuries at grade crossings by 50%. Sproles, executive director of highway-rail programs for the AAR, urged early approval of legislation that would make a total of $375 million available over the next two fiscal years. He called the subcommittee's attention to the fact that all other highway traffic control devices and systems are paid for by the public. "It is the public," he added, "that gains the benefit from improved grade crossing programs and it seems logical that the highway traveling public should bear the cost involved."

AUTO-TRAIN DERAILED IN CROSSING ACCIDENT

Southbound Auto-Train No. 107 was derailed early on the morning of March 13 at Hortense, Ga., after being struck by a pulpwood truck at a grade crossing. No. 107 consisted of two diesel units and 30 cars. It was carrying 298 passengers and 107 automobiles, and was reportedly traveling at 70 to 75 mph. The pulpwood truck, loaded and moving at high speed, is said to have ignored crossing signal lights, plowing into the second diesel unit, causing the derailment of both units and 27 of the 30 cars. The truck driver was killed. Of the 298 passengers, only 35, along with three crew members, were hospitalized. All but four passengers were released. An adjustment to Auto-Train's daily schedules from Lorton, Va., to Sanford, Fla., to trips southbound on odd dates and northbound on even dates has been placed in effect until equipment can be repaired and returned to service. Auto-Train pointed out that this is its first derailment since service was inaugurated Dec. 6, 1971—900 trips having been operated since that time.

METROLINER HIT BY WORK TRAIN

Seven passengers and five crew members suffered injuries, most of them minor, when a New York-to-Washington Metroliner was struck by a Penn Central work train at Tuxedo, Md., just outside of Washington on March 14. A club car was derailed. Amtrak said the Metroliner, which had left New York at 12:20 p.m., had stopped to switch to manual speed control when the accident occurred at 3:45 p.m. It was the first major accident in over four years of Metroliner operations.

WILLIAM G. WHITE GETS SALZBERG MEDAL

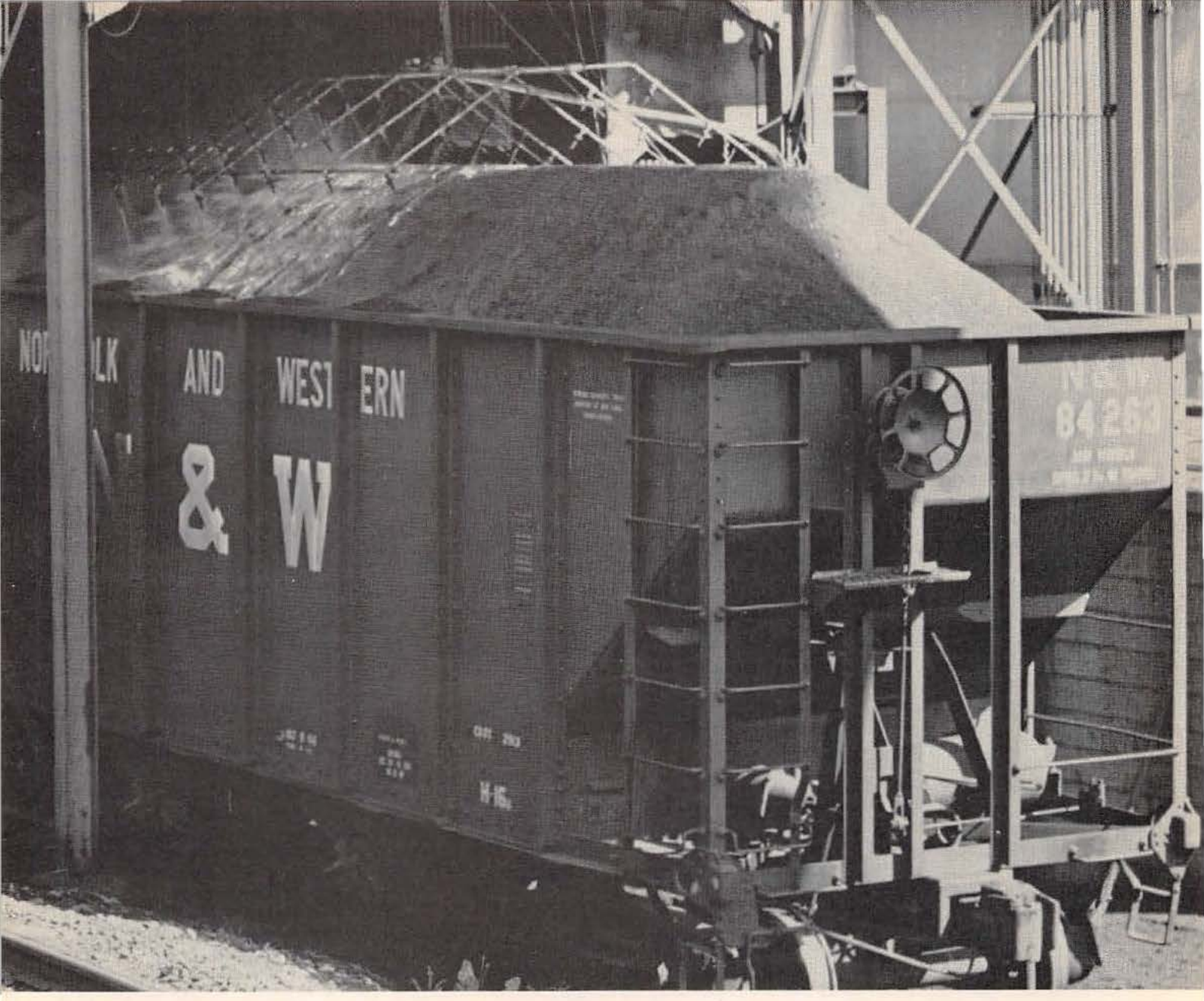
William G. White, chairman and president of Consolidated Freightways, has been named recipient of the 1973 Harry S. Salzberg Memorial Medal. The medal is awarded by Syracuse University for outstanding achievement in transportation. White will be honored Mar. 30 when he delivers the 22nd Salzberg lecture as the keynote address of a transportation program sponsored by the university's School of Management and the College of Engineering. His topic will be "Intermodal Transport: The Way of the Future."

WP TO PAY INTEREST ON 5% DEBENTURES

Western Pacific directors announced that the current interest payment and all accumulated unpaid interest on the company's 30-year 5% income debentures will be paid May 1. The payments will total 12.43%. A partial sinking fund payment due Oct. 1 will also be made. The sinking fund payment due May 1 on WP first and refunding mortgage 3 1/8% bonds will be made.

DEVALUATION RAISES EURAILPASS PRICES

Prices for Eurailpass and Student-Railpass, as well as Eurailtariff and Eurailgroup rates, were increased March 15 because of the recent devaluation of the U.S. dollar. The new Eurailpass prices are: for 21 days, $140 (previously $130); for one month, $175 (previously $160); for two months, $245 (previously $220); for three months, $275 (previously $250). The new Student-Railpass price is $150 (previously $135). Eurailpasses allow unlimited first-class travel for the designated time in 13 European countries.



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Dowell has developed a chemical binder and application equipment to help you control wind loss and increase profits up to $20 per car. A recent study showed that one coal company was losing an average of 3,000 pounds of coal per car during a 500-mile shipment. Considering $15 per ton coal at destination, that's a loss of $22.50 per car—paid for undelivered coal. Dowell Binder can help you keep in-transit coal (or other minerals) where it belongs—in the cars—at a cost of under $3 per car. Dowell Binder can also be sprayed on stockpiled materials to prevent wind and water erosion and to help provide a cleaner environment. Dowell engineers are available to help you analyze your material loss or dusting problems and suggest economical solutions. Call or write Dowell Mining Industry Services, P. O Box 21, Tulsa, Oklahoma 74102.

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DOWELL

RAILWAY AGE
NEWS

The settlement: Fast, neat, satisfactory

If all the problems of the railroad industry could about-face as dramatically as the 1973 national labor negotiations did, there would be no "railroad problem." The joint statement of management and labor said it all: Never before have the railroads reached settlement of all pending issues with all unions in advance of any deadline. It was quick, neat, and, apparently, satisfactory to both the railroads and the 15 unions involved.

To be sure, not all the loose ends have been tied off. Settlement terms must be ratified by the organizations in the 30-day period following initialing of the agreement (i.e., 30 days from March 8). This, however, is not regarded as a problem of any magnitude; only one union (the Sheet Metal Workers) will require a full referendum, and it's expected that all organizations will give their support, by whatever procedure is involved. A second loose-end has to do with the restructuring of the Railroad Retirement system. Congress is being asked to extend the time-limit on submission of a restructuring plan (from July 1 until the end of 1974) while management and labor try to work out a program. This extension could be approved quickly, in the form of a joint resolution, and it, too, is not seen as hanging up implementation of the settlement.

In brief, the terms agreed to provide for:

—A total increase amounting to 10.7% when all parts of the package are added up.

—The railroads assuming that part of the employee's Railroad Retirement contribution in excess of what he would be paying under Social Security. This represents the so-called Tier II of the revised Railroad Retirement program, and railroad payment will begin Oct. 1. Effective then, employees now at the maximum contribution rate will get an extra $42.75 a month in take-home pay ($47.50 effective Jan. 1, 1974).

—A 4% wage increase effective Jan. 1, 1974.

—Extension of previously-enacted "temporary" increases of 10%, 15% and 20% in Railroad Retirement benefits from the now-scheduled expiration date of June 30 until Dec. 31, 1974, with the intent that these increases should then be made permanent.

—Effective July 1, 1974, optional retirement for employees covered by Railroad Retirement at age 60 after 30 years' service with no reduction in annuities.

—Creation of a joint standing committee to consider all matters related to Railroad Retirement restructuring, with a July 1, 1974, target date for a joint report to Congress (or separate reports if the parties cannot agree).

—Railroad assumption of administrative costs of national dues checkoff for all unions parties to the pact.

—Extension of health and welfare programs (fully paid by the railroads) for the life of the agreement and an increase in the lifetime major-med benefit from $50,000 to $250,000.

A hitch could still develop —but right now it looks as if history has been made.

—Continuation of the joint standing committees on work rules with the operating organizations, and provision for voluntary establishment of joint committees with other unions.

Contract agreement came after almost 2½ months of virtually continuous negotiations involving the National Railway Labor Conference, the Carriers Conference Committee and all major unions. But, while the smooth, fast progress was impressive, so were a number of other factors:

—Section 6 notices containing contract demands were received from most unions, but one major union never did serve a notice and a second union's notice arrived only at the 11th hour plus 59 minutes.

—The railroads never did serve formal counter-proposals and, in fact, none were even prepared for service.

—All unions, ops and non-ops alike, were involved at all times, and that's something that seldom if ever happened before.

—All pending issues were resolved, with none brushed aside for some indefinite future handling. Restructuring of the Railroad Retirement system was put off, perhaps because of its complexity, but definite plans were made for doing this work.

—Throughout, negotiations were carried on quietly, with no leaks (or at least none surfaced publicly).

To those not familiar with what was going on—and to those who looked only at historical precedent—the settlement came as a surprise. Initial demands by the unions were stiff. The industry's track-record on settlement-without-crisis has not been good. Railroads were one of a number of key industries facing contract negotiations in '73. And there were the usual gloomy "expert" forecasts of no settlement by the June 30 deadline and possible crisis dates in late summer or early autumn. An unexpected hitch could still develop—though it would indeed be unexpected. But, in any event, there were the railroads and rail labor, reaching basic agreement almost four months ahead of "deadline"—without, it might be added, anybody but management and union negotiators involved.

As for coverage, the agreement will apply to Class I roads except for most of those Eastern roads which are in reorganization (and except for one or two other roads which are not a part of NRLC). On these roads, non-application involves principally the 4% wage hike due next Jan. 1; employees will receive the take-home benefits of the carrier's taking over Railroad Retirement contributions in excess of Social Security.

(Ironically, at about the same time management and labor were reaching agreement, the Transportation Association of America was entering a new petition to the President in favor of new legislation to prevent major strikes in major transportation industries.)

What comes next? Ratification. Perhaps, review of the settlement by the Cost of Living Council.

While both sides denied that Cost of Living Council Director John Dunlop had been involved in the agreement, there were, nonetheless, reports that he would find—in the words of the Wall Street Journal—"little in it to quarrel with."

Watching Washington

REID BEDDOW

CBS TAKES A TRAIN RIDE

Several months ago Norman Gorin, the producer of CBS-TV's once-a-month documentary, "60 Minutes," began to work on an Amtrak story. Out of Amtrak's 250-odd trains, he decided to focus on Penn Central's "James Whitcomb Riley," which plods between Indianapolis and Chicago in 5½ hours (a trip that once took 3½). He chose the "Riley," says a man who was close to the production from start to finish, "because it was the most blatant example of how slow track is disrupting Amtrak's schedules." The first footage was shot in December. Additional film was made in January. The show went on the air Sunday night, March 11.

"A hatchet job," was one Washington Amtrak-watcher's comment. "Distorted," said another. "What do you say when Mike Wallace keeps firing those are-you-still-beating-your wife questions?" said a third.

The program as aired included interviews with Burlington Northern Chairman Louis Menk, Amtrak President Roger Lewis, and Senator Vance Hartke (D.-Ind.), chairman of the Senate Commerce Committee (and an early advocate of a considerably higher level of Amtrak funding than the Nixon Administration finally permitted). Mr. Menk and Mr. Lewis emerged as the villains of the piece, the one portrayed as typifying the railroad barons who want to do the passenger train in, the other as his accessory before and during the fact. Senator Hartke emerged as the voice of stern reason. He did, in fact, make the only positive points discernible in the show: that if Americans want faster trains, they will have to pay for maintaining track to passenger-train standards; that if Americans want the kind of train service that CBS depicted Japan and Europe as having, they are going to have to pay for that, too—just as Japanese and European taxpayers are paying.

On balance, however, the CBS treatment of Mr. Menk (whose railroad operates the "Empire Builder," one of the better trains to be found anywhere) and of Mr. Lewis (who was given little or no credit for the very real accomplishments he has made under difficult conditions, and whose plans to introduce brand new turbotrains in the Midwest were not even mentioned) struck many as grossly unfair. Whether CBS' train ride will help—or hurt—Amtrak as it seeks more money from Congress will be warmly debated here for weeks to come.

WHO'S GETTING RICH ON AMTRAK?

CBS suggested—as had The New York Times in a Feb. 18 article—that railroads were benefitting hugely from Amtrak because (as The Times' writer put it) Amtrak "pays the railroads' operating expenses plus 5% profit." This was dealt with effectively by AAR President Stephen Ailes in a letter to the Times published the same day CBS aired its Amtrak story. "We only wish it were true," said Mr. Ailes, noting that "the 5%. . .is not profit [but] was meant to cover some items of passenger service costs which are hard to isolate under ICC accounting methods." In fact, said Mr. Ailes, railroads were required to contribute some $200 million to Amtrak to get it started—and are still not fully reimbursed for all costs.

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Lines on Labor

GUS WELTY

THE IMPACT OF A STRIKE. . .

It has been said many times in many ways—but the Transportation Association of America has brought it all together: Major transportation strikes do indeed have a "devastating economic impact." And, while most of the statistics TAA has assembled deal with the impact of nation-wide or industry-wide work stoppages, the selective-strike situation is also considered—on the basis, largely, of data developed during the 1970 Teamster strike in the Chicago area and the 1971 selective strike called by the United Transportation Union. TAA notes, for example, that the truck strike cost the area an estimated $1.5 billion in lost business and income, caused layoffs of tens of thousands of workers and resulted in the collapse of a number of trucking companies. As for the selective rail strike, TAA cites the impact on agriculture (losses in California alone at a multi-million-dollar-a-day level), on the forest products industry, on the automobile industry, even on the poultry industry (faced with destruction in the South because of the interruption in the South to feed-grain movements). Most sobering, TAA adds, "was the potential impact assessment of the chairman of the President's Council of Economic Advisers, who said that if the selective strikes had continued through the month of August, they would have cost the economy $50 billion."

AND WHAT A SHIPPER CAN–AND CAN'T–DO ABOUT IT

As for a nationwide strike, TAA says, "the costs. . .are incalculable. A prolonged shutdown with its widespread ramifications could well break the back of our economy." The gut problem, of course, is one of alternatives—and there simply aren't many: "In the event of a railroad strike, only a relatively insignificant portion of the traffic could be shifted to other modes. Government analysts have estimated that on the first day of the strike, alternate transportation would be available for only 5.8% of the total rail ton-miles. After a number of weeks, but not without extensive adjustments in traffic patterns, the maximum amount of traffic that could be diverted to other forms of transportation would be little more than 10%. The rest would not move at all."

Significantly, it is not just the rail shipper or receiver who feels the pinch. There is, for instance, the comment from a supplier to the automobile industry—a supplier who relies on his own trucks to bring in the raw materials and ship out the finished products: "In the final analysis, we are just as dependent on rails as if we shipped by them. I wouldn't have believed the effect a rail shutdown would have."

TAA makes the point, and strongly: The "cruel effects of these [major transportation] strikes—unemployment, business shutdowns, heavy economic losses—fall principally on those not involved in the dispute and on the nation as a whole." And TAA's conclusion, as contained in a letter to President Nixon? The President should renew his efforts to get legislative reform of existing transport labor laws so that the public will be protected from that "devastating economic impact of major transportation strikes." If you're so inclined, you could say TAA has set a praiseworthy goal. Given the apparent current mood of both Administration and Congress, however, the question is really whether it's a practicable one.

Merger in the West: It's a puzzlement

A short time ago—but before publication of the "final" volume in the Rock Island case—a Railway Age reporter asked a western-railroad president: "Would it be better to call the whole thing off and start over?" "Well," the president replied, "the lawyers would probably kill us if we said that. But I'm not really sure that the case has contributed that much to an ultimate solution in the West."

Now, the full scope of the Rock Island case and a restructuring of the West is known—known, at least, as seen by the ICC's administrative law judge who heard the case. And the reaction thus far has been somewhat along the lines suggested in the above Q&A.

—Seven roads, including two which would be major "survivors" if the RI-case recommendations were carried unchanged to conclusion, have asked the ICC to dismiss the case.

—Milwaukee Road, which has a petition on file for inclusion in Union Pacific or Southern Pacific, decided that inclusion with Burlington Northern might be best.

—In the request for dismissal, a basic premise is that the complexities involved make the plan unworkable—and that it might now be better to wipe the slate and try again. Of the seven roads seeking dismissal, two—Santa Fe and Southern Pacific—would be cornerstone roads in the four-system West which the ICC administrative judge envisioned. Four are roads which would be included in larger systems: Missouri Pacific and Rio Grande with Santa Fe, Chicago & North Western with UP, and Kansas City Southern with SP. The seventh road, Soo Line, wasn't assigned to any other system.

Milwaukee Road, meanwhile, took a different tack, in petitioning the ICC for a reopening of the Burlington Northern merger proceedings to provide for inclusion of Milwaukee. Though Milwaukee has long contended that the best interests of all concerned require that it be made a part of a strong transcontinental system, no hearings have been held on its three-year-old petition for inclusion with either UP or SP. And the ICC administrative judge was not specific about where Milwaukee should wind up. Now, Milwaukee Chairman William J. Quinn believes that "if satisfactory terms can be reached in a reasonable time, our inclusion with BN offers the best prospect of an early step toward resolution of the western railroad problem." BN's immediate reaction: one of being interested but unwilling to comment further pending study of the situation.

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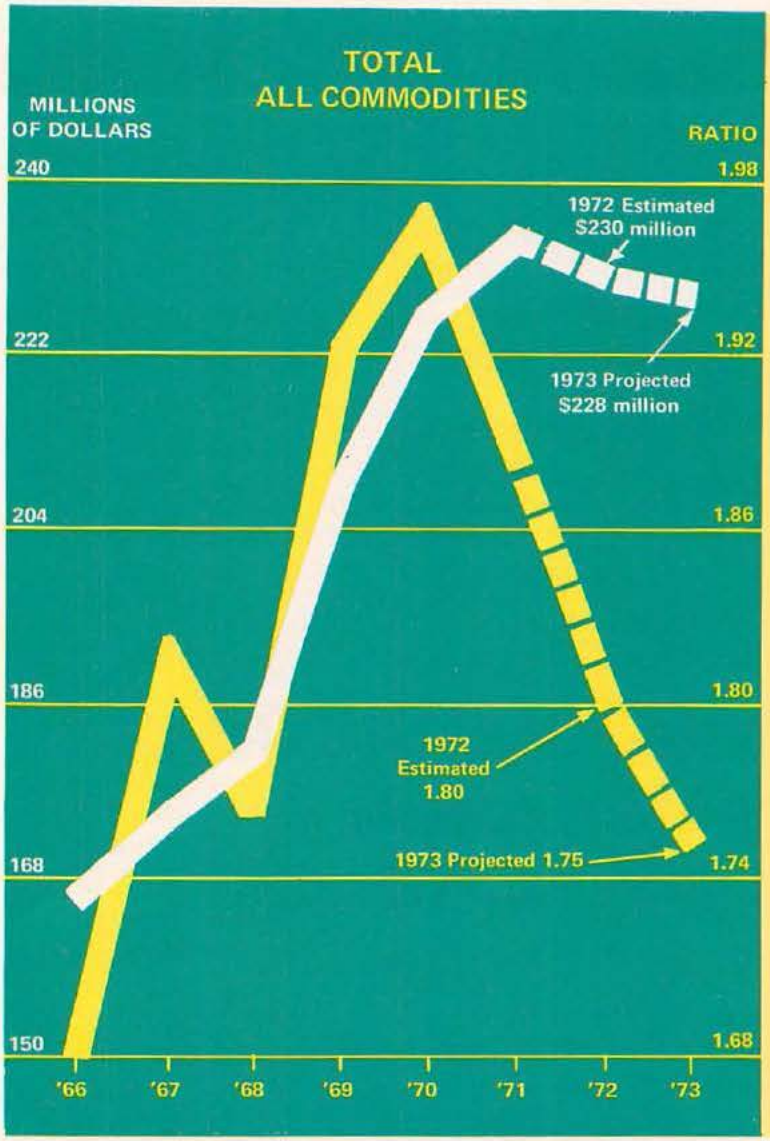
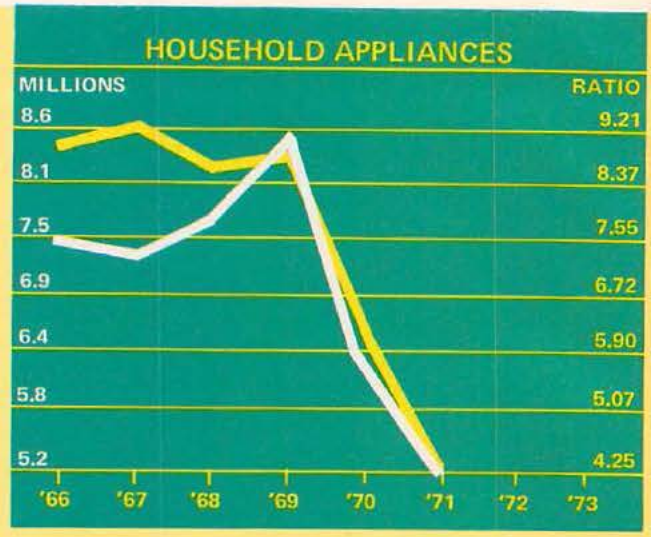




TRENDS ON MAJOR INDIVIDUAL COMMODITIES are not bad at all, with both payout and ratios dropping. Final figures on 1972 results will probably show continuation of the downtrend on household appliances, forwarder and shipper-association traffic, paper products and newsprint. Final figures may also show the beginning of a downtrend on fresh meat. But, despite an improved showing in 1971, railroads may find L&D on motor vehicles on the upside.

Profit through productivity

L&D PREVENTION

The trend is right for railroads–and

By ROBERT D. BARTLEY,
Associate Editor

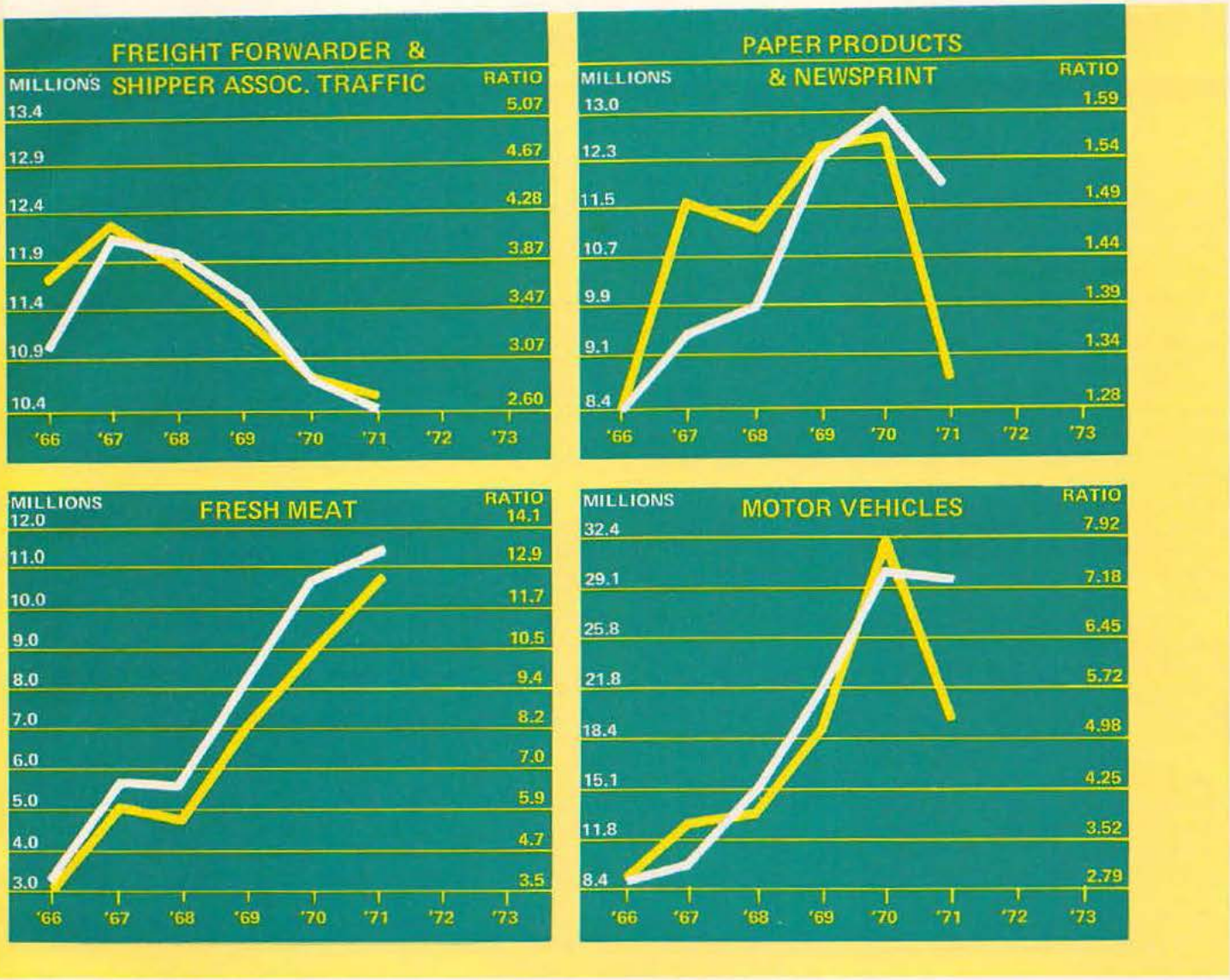
If they were in, say, a sales manager's office, the charts with the descending trend lines that occupy one full wall of Ralph Grover's office would cast more gloom and doom than did Casey's final swing of the bat that fateful day many seasons ago. But, Ralph Grover happens to be director of the AAR's Freight Loss & Damage Prevention Section, and when a trend line on a chart in his office starts to aim downwards, then that means that things have to be looking up for the railroads—and for their customers, too.

What Grover is looking at is one more example of railroads putting productivity to work in the broad sense—productivity of manpower, data-power and money-power—to come up with results that are profiting both the supplier and the user of rail transportation. At this point, the plain fact is that after ten straight years of nothing but up, up, up, L&D is changing its course. And, from all indications, the trend reversal is no fluke. Here's how things are shaping up statistically:

—Freight claim payout, which peaked at pretty close to $235 million in 1971 may show a drop to around $230 million when all the 1972 figures are in. In the first nine months of 1972, payouts were down 1.9% compared with the similar period of 1971. Actually, the reversal first showed up at the end of the first five months of last year. The trend weakened somewhat in the summer, and then it began to show strength again in September. There are hints in the figures now coming into the FL&DP offices in Chicago that the final months of 1972 were also good news for railroads.

—New claims received in the first nine months of last year were also down—about 6%. While this category is not regarded as important as either the claims payout category or the one for the L&D cost-to-freight-revenues ratio, nevertheless it is down. And this has to be an indication that railroads—more often than not, in cooperation with shippers—are mounting the types of campaigns that are whittling away at the causes of damage and loss of freight shipments.

—The real cause for elation in L&D



for their customers

prevention offices across the nation would have to be the all-important ratio of L&D to revenues. At the end of the first nine months of 1972, that ratio had dipped to 1.80 ($1.80 paid out in claims for every $100 of freight revenues), compared with 1.94 for the identical period in 1971. There's a good chance that, when the figures for the full year are in, the ratio will be slightly under 1.80.

● **Bad prophecy.** What's behind this sudden turn of events? Make no mistake, it is a sudden turn because at this time last year there was no inkling whatsoever that either the payouts or the ratio would change their upward course. In fact, some were predicting that 1972 could easily become the first quarter-billion dollar payout year in railroad history. How wrong they were. The reason they were wrong is that railroads and just as importantly, the shippers, are now doing a lot of things right on behalf of L&D prevention.

On the shippers' docks you can see evidence of improvements in materials-handling and carloading methods. In a number of instances, the shippers are instituting self-help programs aimed at prevention of loss and damage. More often, however, a railroad—or perhaps several roads—are assisting with training programs.

There is no question but that the appearance of more and more specially-equipped box cars, increased use of piggyback, improved designs of cars for hauling automobiles and parts, better—and more—car cushioning, more effective load-restraining devices, and a host of other equipment innovations have contributed to the improving L&D scene. Some—but certainly not all—roads are doing a yeoman's job of reducing their bad-order ratio and restoring much-needed box cars to class A condition.

● **Government's part.** Like it or not, government agencies such as FRA, the ICC, Pure Food and Drug Administration, Small Business Administration, and others, along with campaigning crusaders and special legislative committees, have all had an impact in one way or another on L&D in the past few months. Their mere presence has activated—or re-activated, as the case may be—damage-prevention programs that are ultimately benefitting the L&D ratio

L&D prevention has momentum going for it; a key element is the availability of trained manpower

and claims payouts as well. It's a pretty safe bet that in the months and years ahead these agencies, committees and individuals—all acting on behalf of the consumer, the public—will continue to make themselves known to those who handle and transport the nation's goods.

Probably the greatest single contributor to the improving L&D picture would have to be the national campaign mounted by the railroads working through the AAR, to reduce the losses suffered in transporting selected commodities. These various commodity programs, all of which required intensive individual road and shipper cooperation, have in most cases achieved remarkable results.

Perhaps the most notable of these single-commodity campaigns is the one dealing with household appliances. Customer/carrier damage-prevention efforts in this on-going campaign succeeded in dropping claims payouts from a peak of $8.7 million in 1969 to $6.4 million in 1970, a 26% decline. "Because of good shipper participation, good training with all-important follow-up," says Grover, "we were able to reduce the household appliances claim payout another 17% in 1971. Furthermore, we are seeing a spin-off benefit in air conditioners, which happen to be in another commodity category."

● **Another success.** Plywood is another success story, with perhaps a better follow-up than that for household appliances. Down 27% in 1970, payouts continued to descend at almost the same pace—26%—in 1971. "We've been convinced all along," adds Grover, "that follow-up is every bit as important as program content and training. Of course, good follow-up requires manpower—well-trained manpower."

A fair measure of success was attained with a medium-sized newsprint program, with payouts dipping 10% in 1970, but only 5% in 1971. Limited follow-up plus only moderate shipper participation were cited as reasons for the slight tail-off in payout reduction. A program mounted in cooperation with freight forwarders followed about the same pattern. The initial drop-off was 17%, then only 10% the following year. An audio/visual aid program was used successfully in this particular category's follow-up. In the same years, a limited national program aimed at reducing L&D in the transport of furniture was producing these results: Down 15% in 1970, only 3% the following year due in part to limited follow-up.

A strictly localized program for sugar was undertaken in the New Orleans area in this same period. While, in 1970, prevention personnel could say: "How sweet it is!", their tune had to change the following year. This moderate program first saw a 26% drop in payouts, but then they rose 11% the next year. A national program in this category probably would have achieved better—and more lasting—results, Grover contends.

● **Setting priorities.** There are some 56 different commodities classified by the Freight Loss & Damage Prevention Section. Of these, there are 15 key ones that account for $154 million, or over 65%, of the annual L&D payouts. It's these major commodities that prevention people are concentrating on. The feeling is that if they can be conquered, there will be spin-off improvements in the lesser categories and both payout and ratio will decline at an even faster rate than they did in 1972. So far as the ultimate goal is concerned, the magic number for ratio is 1.20, close to 60 points below last year's level.

The 15 key categories are:

—Grain
—Fresh vegetables
—Fresh meat
—Grain mill products
—Miscellaneous food products
—Furniture and furniture products
—Pulp, paper, allied products
—Chemicals, allied products
—Stone, clay, glass products
—Primary metal products
—Fabricated metal products
—Machinery, except electrical
—Household appliances
—Motor vehicles
—Freight forwarder, shipper association traffic.

Several studies are in progress, or planned, that will eventually lead to additional national damage-prevention programs such as those undertaken in 1970. The first phase of a packaged grain mill products survey was completed last year. A report on it has just been issued. This excellent survey, marred only by the fact that when the source of damage was unknown it was blamed on improper car handling (what good operating officer won't take umbrage at this?), contains information that can be helpful to damage-prevention personnel even before any training programs begin.

Another program that Grover says "has real meat in it" is the one for fresh meat loss and damage prevention. Started in 1972, in cooperation with the American Meat Institute, Midwest Packers Traffic Association, U.S. Department of Agriculture, and in consultation with the National Independent Meat Packers Association, a study for it is expected to be completed this year.

Potato and lettuce studies are also due to get under way this year. And a training program for paper and newsprint is on the docket, too. Meanwhile, a grain weight inspection manual, developed in cooperation with the Inspection Bureau, should be issued this year.

And, as the drive continues to keep the payout and ratio trend lines on the downslope, important pamphlets and instructional booklets pertaining to the handling of automobiles and other motor vehicles by rail will be issued. A new multi-level loading manual has just been issued and it is due to be followed very soon—probably this spring—by an audio/visual aid package. Also in the preparation stages are a standard vehicle nomenclature guide and a new vehicle inspection report form.

● **The role of research.** Certain to have a profound effect upon any damage-prevention programs undertaken in the next several years—whether on a national or a local basis—is the track/train dynamics research project that the AAR Research & Test Department is undertaking in cooperation with the RPI. This massive 10-year project is delving into all aspects of train performance, from the effects of tracks to the throttle-handling techniques of enginemen. Closely allied with this research project is another one dealing strictly with the distribution environment. This particular project is expected to dig deep into such things as package design and the effects of vibration and impacts on the shipping package.

By the looks of things, L&D prevention has the momentum going for it. Aside from reversing what seemed like an irreversible trend in both payouts and ratio, a number of other barriers, have been cracked. Also, the motivation is certainly as strong as ever—maybe stronger, and shippers, rather than merely participating in fixing the blame when something goes awry, have been more willing to cooperate in solving the L&D problem.

The thing that could derail the trend is the perennial problem of manpower—more specifically, the lack of it. Follow-up, as the statistics point out all too clearly, is vital to any damage-prevention project. And, clearly, that takes trained manpower.

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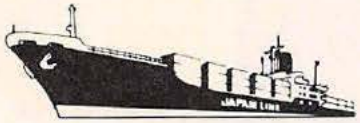

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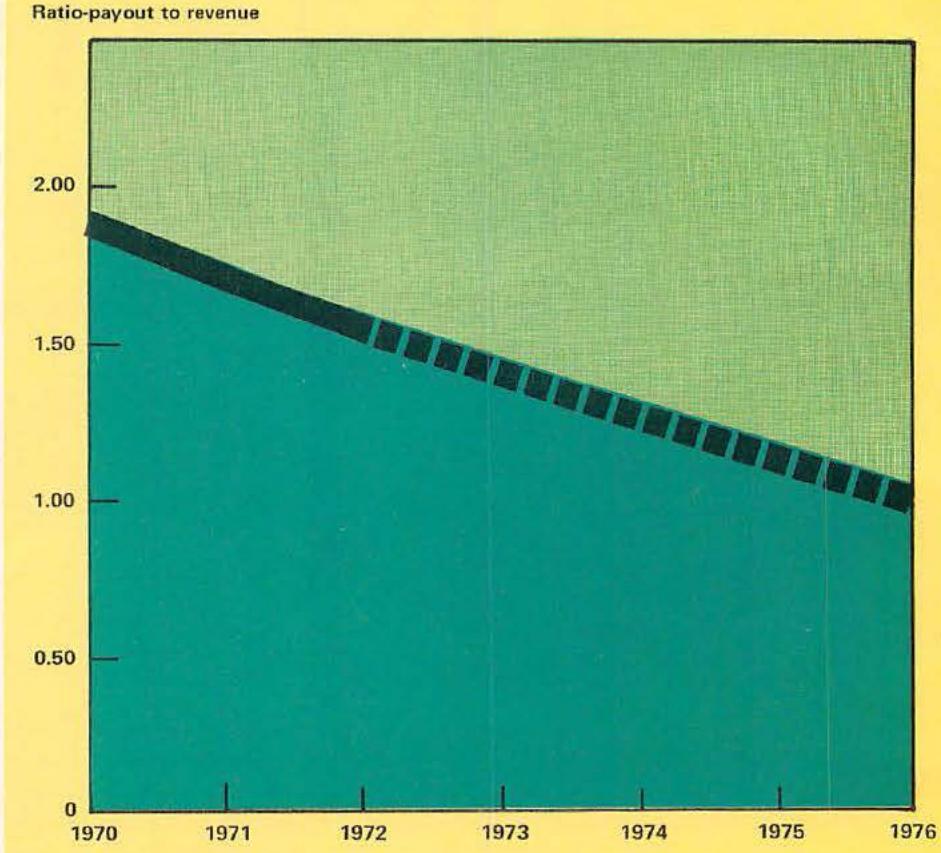
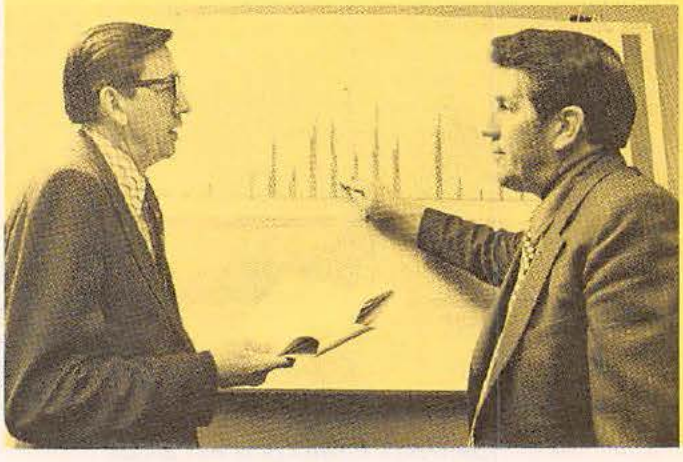
How Santa Fe went from worse

When the conversation turns to individual railroads' efforts to put the brakes on L&D—when the conversation is about new programs and projects, more intensive and more professional inspections, better data analyses, greater cooperation with shippers and receivers—that conversation, like as not, will include mention of such roads as Southern Pacific, Southern, Chicago & North Western, Illinois Central Gulf, Chessie System and more.

And then there's Santa Fe—and no conversation about L&D prevention today could be complete if it didn't cover what Santa Fe set out to do, what it has done and what it is working toward.

To put it bluntly, as recently as three years ago Santa Fe was no paragon of virtue, no shining star in the L&D rankings. Its ratio of payout to revenue stood at 1.88. Dollar payout was at an all-time high of $13 million. Then, things started happening. In 1971, the ratio was pushed down to 1.68 and payout dropped by about a half-million dollars. In 1972, the ratio dipped to 1.53, lowest since the early 1960s, and payout dropped by about $200,000. In January 1973, the ratio got all the way down to 1.28. In short, Santa Fe seems to be well on its way to reaching the goal now set for L&D prevention—which is to slice the ratio all the way to an even 1.00 by mid-1976.





Special charts are maintained on troublesome commodities. H.J. Briscoe (1), assistant to vice president-operations, and R.A. Wells, manager of quality control, discuss a problem.

● **Ingredients for improvement.** Quite a few elements have gone into this improved showing:

—Most important, perhaps, was the top-level push provided. President John S. Reed and Vice President-Operations Larry Cena talked clearly and publicly about what they wanted to happen and about how Santa Fe would move to make it happen. Maybe they were taking a chance, in being as specific as they were about a problem that had been so slippery. But, chance or no, nobody has even the slightest reason to be embarrassed by the performance record turned in by Santa Fe since '70.

—With the L&D-prevention effort restructured into a new quality control section, Santa Fe was able to work tremendous improvement in the quality of L&D data available and the ways in which that data could be used. Within the framework of the over-all ratio-reduction goal, definite priorities were established. On the data side, Santa Fe refined its uniform exception report and computerized it. Tied in with this were arbitrarily-set standards on commodities, expressed in terms of the payout-to-revenue ratio and representing the target ratio on individual commodities. With the data available, quality-control people were able to determine a so-called avoidable-loss factor. Development of the new data base then made it possible to rank individual

to better to very, very good

Grain moves safely in open-top cars

When you think of L&D prevention, you don't ordinarily think too much about grain—especially since the covered hopper car has become the big grain-hauler. In particular, you don't ordinarily think too much about grain L&D on Santa Fe—which has a fleet of some 1,200 jumbo covered hoppers and a total fleet of 1,600 units. But with booming export grain movements, grain is very much on Santa Fe's mind.

One reason: Santa Fe is now moving export grain, in part, in unit-type trains made up of open-top cars. These are cars that weren't designed for grain—Santa Fe is even moving some grain in ballast cars, with longitudinal hoppers. But design notwithstanding, the open-tops are working. Foam caulking around the hopper doors, applied before each loading, keeps the grain inside but allows for water drainage; and with lading kept eight inches or so below top of car, Santa Fe has had little or no problem with grain blowing out of the cars at the speeds at which the grain trains are operated.

Quality-control people are monitoring 100% of these movements. And the verdict thus far: Open-top movement of grain is proving to be satisfactory from an operating/L&D-prevention standpoint.

shippers and thus to give the quality-control section a clear picture of the worst problem areas where avoidable-loss factors were highest.

—With the new section functioning, Santa Fe was able to bring together all the factors contributing to L&D and put them under a unified attack. One big example: Perishables account for less than 6% of Santa Fe's total traffic, but about 30% of the claims filed last year had to do with perishables and in a commodity-ranking six of the top 10 commodities are perishables. Two of the prime causes for claims on perishables are temperature failures and delay. In the former structuring of L&D prevention, however, these two causes were not really the concern of the so-called better-freight-handling group. Now, they very definitely are the concern of the quality-control section and the results are starting to be impressive. Delays are quickly followed-up; so are equipment failures. And, while quality-control people did find major problems in the equipment area, the situation is getting better: Pre-tripping operations on both cars and vans have been expanded; and budgets for upgrading equipment have been substantially increased to the point where the output of the road's San Bernardino shops has been boosted from eight cars a day to 22 cars.

—Individual L&D-prevention efforts with shippers and receivers have been sharply stepped-up. When the quality-control section was set up, one aim was to create a somewhat different image for prevention work and to emphasize the cooperative nature of the job. As Manager-Quality Control R.A. Wells puts it, "We're talking with hundreds of shippers and receivers, and we're putting stress on a couple of things. One is that we are not involved with the handling of claims. Our goal is to help the customer get his product on the market in salable shape." Reaction to this kind of approach has been excellent—to the point where a fair number of individual traffic managers are pitching in to help by writing to their suppliers with pleas for the adoption of better loading practices. This, to Dick Wells, "is one of the most significant things in the whole improving picture."

—While contact with customers has been expanded, so has Santa Fe's drive to improve the performance of its own people. One example: The new way in which impact recorders are being used. At the outset, Santa Fe set up a system under which recorders were installed, removed and read by quality-control people, with the readings going immediately through the computer so that impact locations could be quickly determined and follow-up immediately begun. Then, the road set out to establish a kind of benchmark for impact—running checks all over the system, in terminals and over-the-road, and using five months' experience in 1971 as the measurement base. Beginning in January 1972, the quality-control group began checking performance against the base period—and at the same time encouraging individual involvement by putting a carrot at the end of the stick: As it had done a few years earlier with employee safety, Santa Fe turned impact-reduction into a contest with awards going to the terminal and the division showing the greatest rate of improvement for the year. And just a few days ago, top Santa Fe officers handed out the awards to the winners—the Chicago Terminal and the Illinois Division. One note: These were not awards going merely to the superintendent or to "the group;" they included a small but not insignificant gift for each operating employee who had been involved in making the record.

● **Structured for action.** As the quality-control group is now set up, it's a clean-lined, straight-line organization with the line running from VPO Larry Cena to Assistant to the VPO H.J. Briscoe to Manager-Quality Control Wells to superintendents at three points (Los Angeles, Topeka and Amarillo) to regional and district supervisors at all major points. Currently it all adds up to 67 people working directly on quality control—a modest increase from the number of people on the list when the section began operation.

Progress has been made—and it can be defined in various ways. The reduction in the ratio of payout-to-revenue has come during an inflationary period and, maybe more importantly, during a period of increasing business. And it is an absolute improvement: As Harry Briscoe points out, L&D-ratio comparisons between railroads can sometimes be misleading because of the differences in traffic mix, and so "the valid measurement is the comparison between what you were doing and what you are doing." And the ultimate measure? Perhaps Larry Cena has it: "We've helped a lot of people. And we've helped ourselves."

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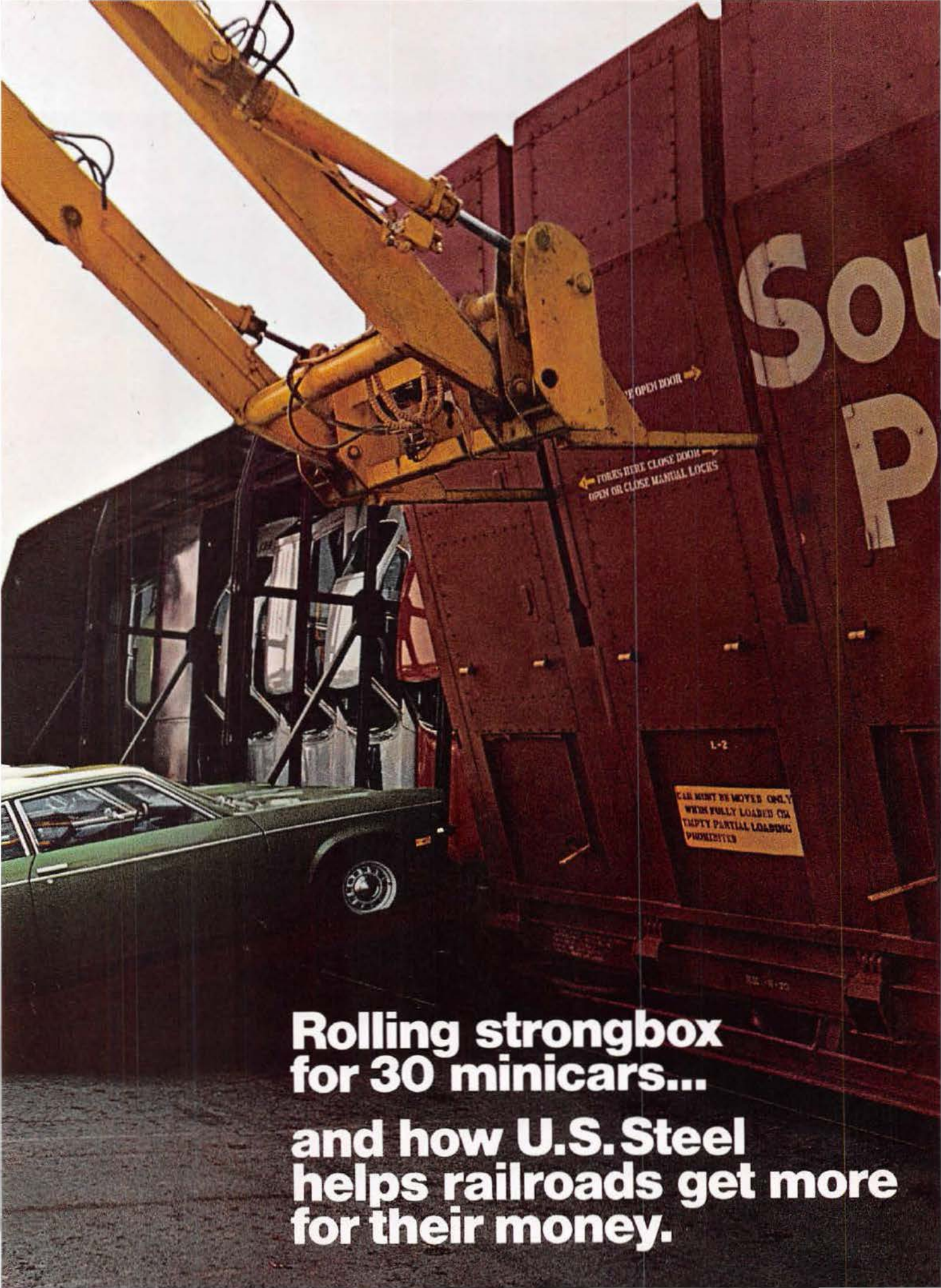


Rolling strongbox for 30 minicars...

and how U.S. Steel helps railroads get more for their money.

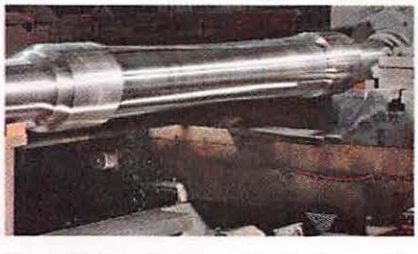
This giant freight car, Vert-a-Pac, hauls 30 little autos in scarcely more space than the usual tri-level rack car needs for 12 of standard size.

Southern Pacific and a major auto maker developed the 18-foot-high car to carry the 14-foot-long autos in a revolutionary position: nose-down on walls that also serve as loading ramps.

To cut the weight of this rolling strongbox (Vert-a-Pac is virtually vandal-proof and dirt-proof) the designers chose USS COR-TEN A Steel. This high-strength, low-alloy steel is 40 per cent stronger than carbon steel, has 5 to 8 times the resistance to atmospheric corrosion and gives twice the paint life.

It's used in the built-up center sill of the basic flat car (prime contractor: ACF Industries) and in the above-deck auto housing (subcontractor: St. Louis Car Division, General Steel Industries, Inc.). We're supplying steel—and good advice—on a lot of other projects important to the railroads: cars, rails, bridges, buildings.

If you'd like to talk, phone your USS man or write United States Steel, Box 86, Dept. 7394, Pittsburgh, Pennsylvania 15230.



New finish fights axle fatigue. As car weights and speeds go up, so does threat of axle fatigue. Our new standard finish (100-micro-inch average) fights it best. Data on request.

Stronger wheels for bigger loads. To learn how to make wrought wheels stronger, we test them on our unique inertia dynamometer: up to 30 million ft-lb of energy for a 40" wheel at 120 mph.

'61 stainless liner still tiptop. No corrosion loss; almost no adjacent galvanic corrosion: that's the verdict on these quick-emptying, hopper-floor sheets of USS Type 302 stainless steel.

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USS **United States Steel**

"Quaker Oats can point to a record showing a 30% drop in damage"

One of the main reasons for last year's drop in freight claims payouts made by the railroads has to be the willingness of more and more shippers to take active roles in damage prevention programs. Scores of shippers, acting on their own or in cooperation with the railroads, have instituted prevention programs that are in some cases achieving spectacular success.

These successes can, in a way, be translated into dollars and cents saved for both the shipper and the carrier. For example, the rail industry's claims payments in 1972 will probably show a drop—for the first time in 10 years—to below $230 million, or about $5 million less than the total figure for the previous year, due largely to shipper participation in damage-prevention programs.

Quaker Oats is one of the shippers that has decided to come to grips with the loss and damage problem, especially in the area of grocery products distribution. Aside from developing its own in-house damage prevention program, Quaker Oats' transportation division also participated in a survey of handling and transportation practices for packaged grain mill products completed recently under the guidance of the AAR. Ultimately, a national damage prevention program for these products will be undertaken, based on the survey results. (According to the survey, the 1971 national claims bill for these products was over $13.9 million, with the ratio of payments to revenue received coming to 3.71.)

● **Starting in '70.** Actually, Quaker Oats' own program began back in July 1970 when the firm's traffic, industrial engineering and data-processing people got together and decided to search out the L&D problem from beginning to end. Up until then, the monitoring of claims represented the most active of any of the areas of damage prevention undertaken by the company.

Initially, Quaker Oats had planned to study the problem—and develop solutions for it—all the way from processing plants to the firm's own distribution centers and then on from there to the customer's dock. As Quaker Oats people have discovered in trying to set up external damage-prevention controls, it's a lot easier—and a lot more effective—to establish such programs within an organization.

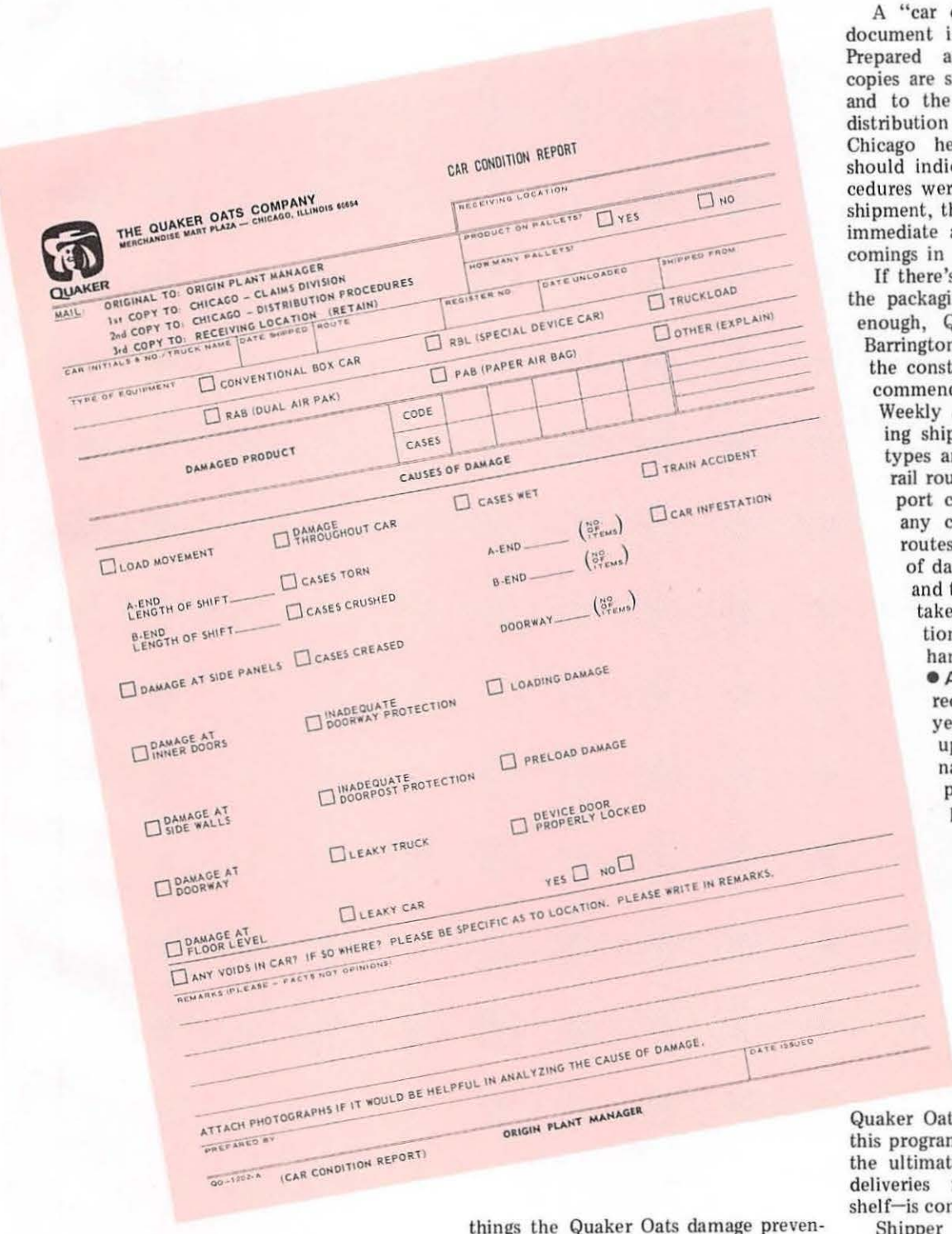
JIM MANN (second from left), Quaker Oats' general traffic manager, discusses seasonal trends of L&D with staff members, from left: David Halpin, supervisor-industrial engineering; David Isleb, distribution analyst; Ray Fritz, manager-freight claims and claims prevention; and Jim Graves, senior industrial engineer. Car report (right) is a key item in anti-L&D program.

Today, Quaker Oats can point to a record which shows about a 30% drop in damage to shipments moving in both plain and equipped box cars from processing plants to its 13 distribution warehouses located across the nation. For the railroads, this reduction of damage represents a savings of many thousands of dollars.

● **The full shelf.** For Quaker Oats, a truly effective damage prevention program means that the chances of a retailer's shelves ever being void of any of its grocery products will be virtually nil. Says Jim Mann, general traffic manager, who has been active in the development of the damage prevention program right from the outset, "Nothing could be any worse for us—or better for our competitors—than to have, say, one of our cereals absent from a supermarket shelf simply because we couldn't have a damage-free shipment. Sure, we can file a claim and recover damages. But, we're not in the business of selling our products to the railroads through freight claims. We want them on the shelves where the housewife can buy them."

A number of things are contributing to the success of the company's damage-prevention program. Cited by Mann are such things as the addition of more special-device cars to the fleet of RBL grocery cars supplied to Quaker Oats by the railroads. In leasing over 100 cars equipped with dual pneumatic bulkheads, Quaker Oats was also able to see the incidences of damage drop noticeably. The selective use of inflated paper air bags in conventional box cars has enabled palletizing of loads, and this has helped improve the L&D picture.

● **Damage detection.** Perhaps, though, the greatest single contributor to da-



THE QUAKER OATS COMPANY
MERCHANDISE MART PLAZA — CHICAGO, ILLINOIS 60654

QUAKER

CAR CONDITION REPORT

MAIL: ORIGINAL TO: ORIGIN PLANT MANAGER
1st COPY TO: CHICAGO – CLAIMS DIVISION
2nd COPY TO: CHICAGO – DISTRIBUTION PROCEDURES
3rd COPY TO: RECEIVING LOCATION (RETAIN)

RECEIVING LOCATION
PRODUCT ON PALLETS? ☐ YES ☐ NO
HOW MANY PALLETS?
CAR INITIALS & NO. / TRUCK NAME | DATE SHIPPED | ROUTE | REGISTER NO. | DATE UNLOADED | SHIPPED FROM
TYPE OF EQUIPMENT ☐ CONVENTIONAL BOX CAR ☐ RBL (SPECIAL DEVICE CAR) ☐ TRUCKLOAD
☐ RAB (DUAL AIR PAK) ☐ PAB (PAPER AIR BAG) ☐ OTHER (EXPLAIN)
DAMAGED PRODUCT | CODE | CASES
CAUSES OF DAMAGE
☐ LOAD MOVEMENT ☐ DAMAGE THROUGHOUT CAR ☐ CASES WET ☐ TRAIN ACCIDENT
A-END LENGTH OF SHIFT ☐ CASES TORN A-END ___ (NO. OF ITEMS) ☐ CAR INFESTATION
B-END LENGTH OF SHIFT ☐ CASES CRUSHED B-END ___ (NO. OF ITEMS)
DOORWAY ___ (NO. OF ITEMS)
☐ DAMAGE AT SIDE PANELS ☐ CASES CREASED
☐ DAMAGE AT INNER DOORS ☐ INADEQUATE DOORWAY PROTECTION ☐ LOADING DAMAGE
☐ DAMAGE AT SIDE WALLS ☐ INADEQUATE DOORPOST PROTECTION ☐ PRELOAD DAMAGE
☐ DAMAGE AT DOORWAY ☐ LEAKY TRUCK ☐ DEVICE DOOR PROPERLY LOCKED
☐ DAMAGE AT FLOOR LEVEL ☐ LEAKY CAR YES ☐ NO ☐
☐ ANY VOIDS IN CAR? IF SO WHERE? PLEASE BE SPECIFIC AS TO LOCATION. PLEASE WRITE IN REMARKS.
REMARKS (PLEASE – FACTS NOT OPINIONS)
ATTACH PHOTOGRAPHS IF IT WOULD BE HELPFUL IN ANALYZING THE CAUSE OF DAMAGE.
PREPARED BY | DATE ISSUED
ORIGIN PLANT MANAGER
QO-1202-A (CAR CONDITION REPORT)

mage-free deliveries from processing plants to Quaker Oats warehouses has been a system of damage detection with almost instant follow-up corrective action to prevent the recurrence of whatever it was that led to the damage in the first place. Documentation of all shipments, with immediate follow-up in the event of damage, headed the list of things the Quaker Oats damage prevention team felt almost from the outset of the program would achieve the most lasting results. A consulting firm, hired to examine the damage-prevention methods developed by Quaker Oats personnel, came to the same conclusion, while offering other suggestions in the areas of cost-analysis and goal-setting which would enhance the damage-prevention program.

A "car condition report" is a key document in the prevention program. Prepared at the receiving location, copies are sent to the originating plant and to the firm's claims division and distribution procedures offices of the Chicago headquarters. If the report should indicate that poor loading procedures were the cause of damage in a shipment, the originating plant can take immediate action to correct the shortcomings in loading methods employed.

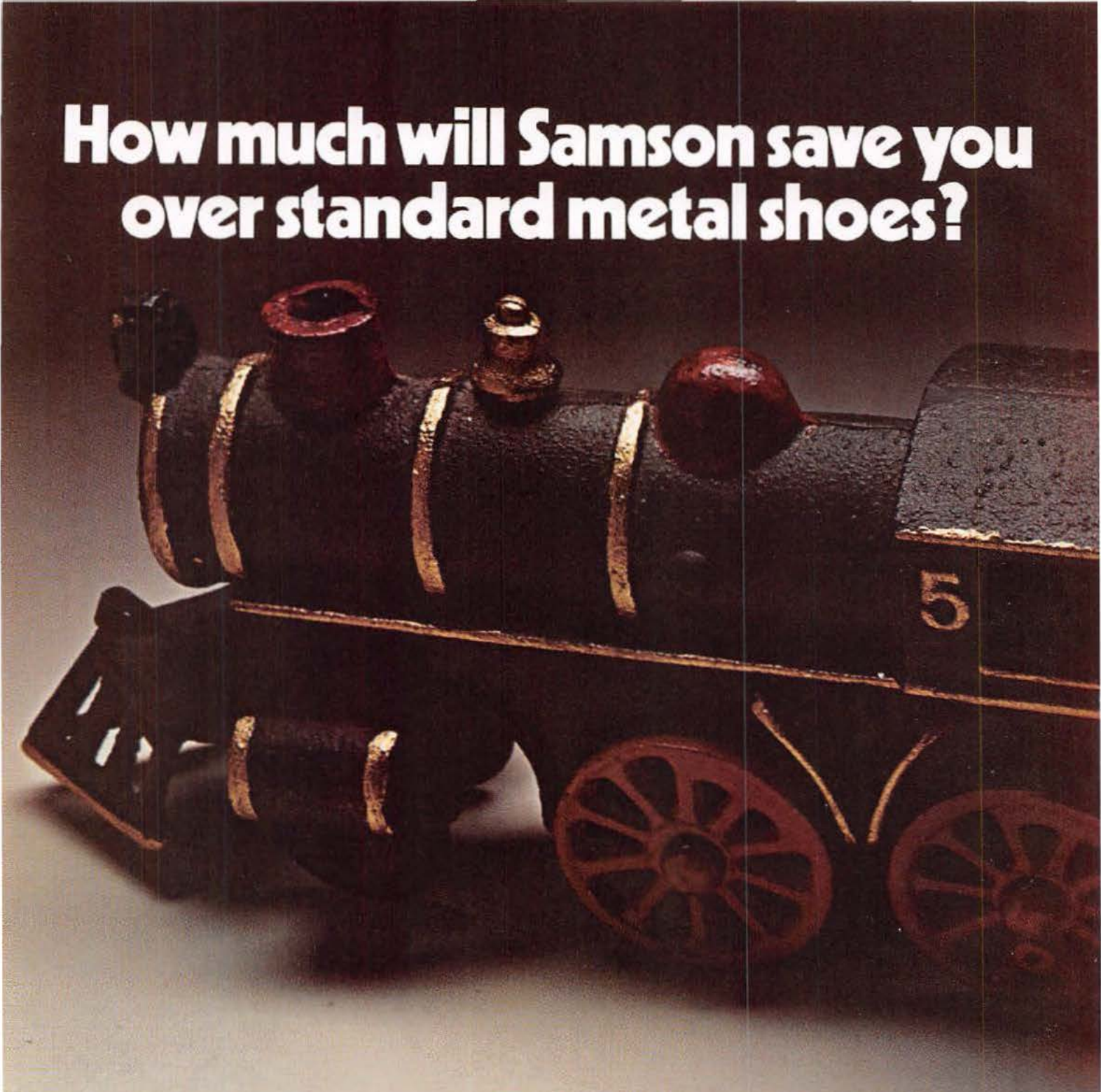
If there's an indication that perhaps the packaging case may not be sturdy enough, Quaker Oats' laboratory in Barrington, Ill., will be asked to study the construction of the case and recommend any changes in it.

Weekly and quarterly reports covering shipments and damage by car types and loading methods and by rail routes are issued. The route report can, for example, ferret out any chronically troublesome rail routes where an excessive amount of damage has been encountered, and then corrective action can be taken by the railroad(s) in question to improve car and train handling.

● **Another program tested.** As recently as November of last year, Quaker Oats embarked upon a test program similar in nature to its own processing-plant-to-warehouse damage-prevention program which is aimed at achieving better damage-free performance for shipments moving from the warehouses to 14 selected customer locations. Although a degree of improvement can be detected, the lack of control of data being fed back is hampering the program from achieving the level of success attained with the internal program. Quaker Oats isn't about to give up on this program, however, and the push for the ultimate goal—that of damage-free deliveries right to the supermarket shelf—is continuing.

Shipper attitude toward loss and damage is definitely swinging more toward damage prevention than in the direction of merely filing claims and fixing blame. Or, as Ray Fritz, Quaker Oats' manager of freight claims and claims prevention, puts it, "Today, damage prevention is where the action is. That's where you're a winner and that's where we at Quaker Oats want to be."

How much will Samson save you over standard metal shoes?



Even though Samson shoes cost more initially...your break-even point comes pretty quick. And then you start banking savings of 24-54% because Samson lasts up to 2½ times longer than ordinary metal shoes.

As the late and well-known New York politician Al Smith used to say: "Let's look at the record."

For example, look at AAR Job Codes 1828 & 1830 for a comparison of application costs for ordinary cast iron brake shoes versus the cast iron, high phosphorous Samson.

Labor is the same: $1.19. Material cost is $2.51 for cast iron and $3.02 for the Samson. This makes the job total $3.70 for cast iron and $4.21 for Samson.

This additional 51¢ per shoe is an Applied Increased Cost of 14%.

Since handling and storage costs are the same for both types of shoe, everything saved by Samson above this 14% is therefore free and clear to your road. And those savings are very substantial since field tests have proved conclusively that Samson lasts up to 2½ times longer than standard metal shoes.

Translate that longer life to savings, and you come up with dollar savings from 24% to 54% with Samson. Even though the Samson shoe itself costs 14% more applied than ordinary metal shoes.

But let's not hang the Samson superiority just on "economic" performance. It has also proved in field tests that it provides better train control and reduced sparking.

Both of which represent a lot of hazards to train personnel when ordinary metal shoes are on the job instead of Samson.

Our arithmetic is easy to check. And the mechanical officers on many leading roads will support our claims for Samson.

We would welcome the opportunity to thoroughly discuss Samson shoes in relation to your own road. Set up a meeting with your Abex representative—a mighty good man to have working on your railroad.

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Forerunner of tomorrow's reefer van?

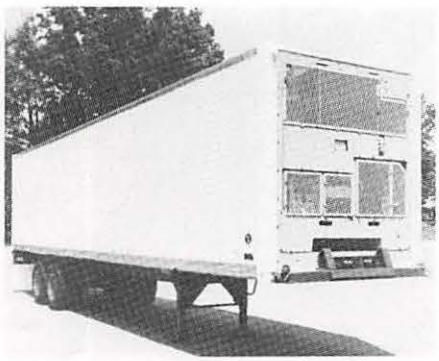
A one-of-its-kind 40-foot refrigerated van container, built with off-the-shelf components and under guidelines established by the U.S. Department of Agriculture, is being closely watched these days. The observers are perishables shippers, freight carriers—and the USDA itself—as it prepares to make periodic experimental piggyback trips from Florida to northern destinations.

Unveiled last year at the Transpo '72 exposition in Washington, D.C., this vehicle, built by the Trailmobile Division of Pullman Inc., could be the forerunner of the fleet of reefer containers which will some day assure consumers the world over of consistently receiving U.S.-grown perishable agricultural and food products in farm-fresh condition.

There's a lot riding on the outcome of this USDA-directed research project. For example, what shipper or carrier of fresh vegetables and fruits, fresh meats, frozen food products—or even cut flowers, for that matter—wouldn't like to see all these cargoes reaching showcases and meat counters in top-notch condition all the time?

● **Systems approach.** In developing specifications for the prototype container, USDA's Transportation and Facilities Research Division could have concentrated its efforts on the vehicle's circulation system alone and eventually come up with enough improvements to label the program a success. Instead, however, the researchers elected to take a systems approach to the problem, which led to studies of all the reefer van's subsystems, plus the product package itself.

As the search goes on for a more reliable reefer container, USDA expects to make improvements in the various subsystems as the need appears. As a matter of fact, the prototype van was sent back recently to the Trailmobile R&D center in Cincinnati for changes in the baffle arrangement of the air flow system and for changes in the location of ports for the introduction of either pre-cooling gases or fumigants. "We know that this is not the ultimate in refrigerated container development," says Philip L. Breakiron, USDA agricultural economist who was instrumental in the development of the prototype's specifications. "But it does have what we consider are a number of desirable features which, after they're evaluated, may be recommended by the USDA. Users, then, can make their own selections of the features they want."



REFRIGERATED van container built by Trailmobile may bring safer, more reliable hauling of perishable agricultural and food products. It was unveiled at Transpo '72.

● **What's new?** Unquestionably, the most unusual feature of the prototype is its air-circulation system. The conventional systems found in today's reefer trailers and containers force the cool air over and through the load in a lengthwise pattern and return it along the floor to the front end. The prototype unit's air, however, is circulated laterally around and through the load from the floor up.

This type of air-distribution system has a number of advantages, says Breakiron. First of all, the required quantities of air can be delivered at uniform pressure throughout the whole length of the cargo area, thus assuring uniform cooling. Second, since the cargo can be stacked higher in the container without interfering with air circulation, there is better utilization of available cube. Cube utilization is also improved because better air circulation means that tighter stacking is permitted. A third advantage of the lateral air-distribution system compared with a longitudinal system is that it introduces the opportunity to compartmentize cargoes, enabling the transport of products at different temperatures in each of several compartments.

Quite a bit of the research carried out by USDA in connection with the development of the prototype van dealt with the packaging crate, or box, which would be an integral part of the circulation system. Designers relocated the ventilation openings in the experimental boxes, from the sides and ends to the tops and bottoms. This, USDA researchers determined, would allow the cooled air, which comes up from the floor, to circulate better and make contact with whatever is inside each box.

● **Another problem.** Proper refrigeration of nonfrozen cargoes is much more difficult to attain than for frozen foods. The already frozen cargo needs merely a protective envelope of cool air around it for protection from outside heat. Meanwhile, the nonfrozen loads must not only be protected from the heat of the surroundings but also from the residual heat of the load plus the heat which the normal metabolic processes of the product develop. Thus, to avoid such things as decay, the circulated air must penetrate the mass of the load so that its heat can be removed and moved on to the refrigeration unit's evaporator coils. Only properly ventilated and properly constructed packaging boxes can assist this process of heat-transfer.

A pair of 6-inch by 24-inch air plenum chambers mounted in the ceiling and running the length of the van distribute the cooled air through sidewall flues to outlets near the floor. Spaces between the ribs of the fiberglass-reinforced lining serve as the flues. To protect these air channels from being blocked by the load, a Kemlite Glasbord sheet covers the lining. A single 6-inch by 40-inch return duct is also mounted in the ceiling.

● **The bulkhead setup.** An Aeroquip Camus I aluminum captive-type load-restraining bulkhead, modified slightly to meet USDA standards, is also mounted in the van to help prevent physical damage and load-shifting. If desired, bulkheads fitted with inflatable gaskets can be positioned in special recesses in the van walls so that several compartments could be provided. Sometime later in the program, a van model equipped with two-temperature evaporators may be developed so products that require different shipping temperatures may be loaded in the single van. The refrigeration unit in the prototype is a 12,000-Btu/hour Carrier Transicold unit.

After undergoing the minor circulation system changes at the Trailmobile R&D center earlier this year, the prototype was scheduled to make an appearance at the International Conference of Handling Perishable Agricultural Commodities at Purdue University in mid-March, and then return to field service. The test unit is to be assigned to piggyback service under Fruit Growers Express registry.

The U.S. Department of Agriculture also has plans for testing the prototype container in both highway and steamship line service. ■

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Plan to attend the T.C.I. 50th Anniversary Convention in Montreal, September 9 - 12, 1973.

Circle 11 on coupon page 45

BAR works hard to compensate for

By FRED HOUSER
Mechanical Editor

Is it news when a northeastern railroad does *not* go bankrupt? By late 1970, only a few months after Penn Central's failure, the Bangor & Aroostook seemed to be on the same course. BAR's working capital had plummeted from $484,000 at the end of 1969 to a deficit of $387,000 at the end of 1970. For the first time in over a half century, the northern Maine carrier reported a net loss to the ICC.

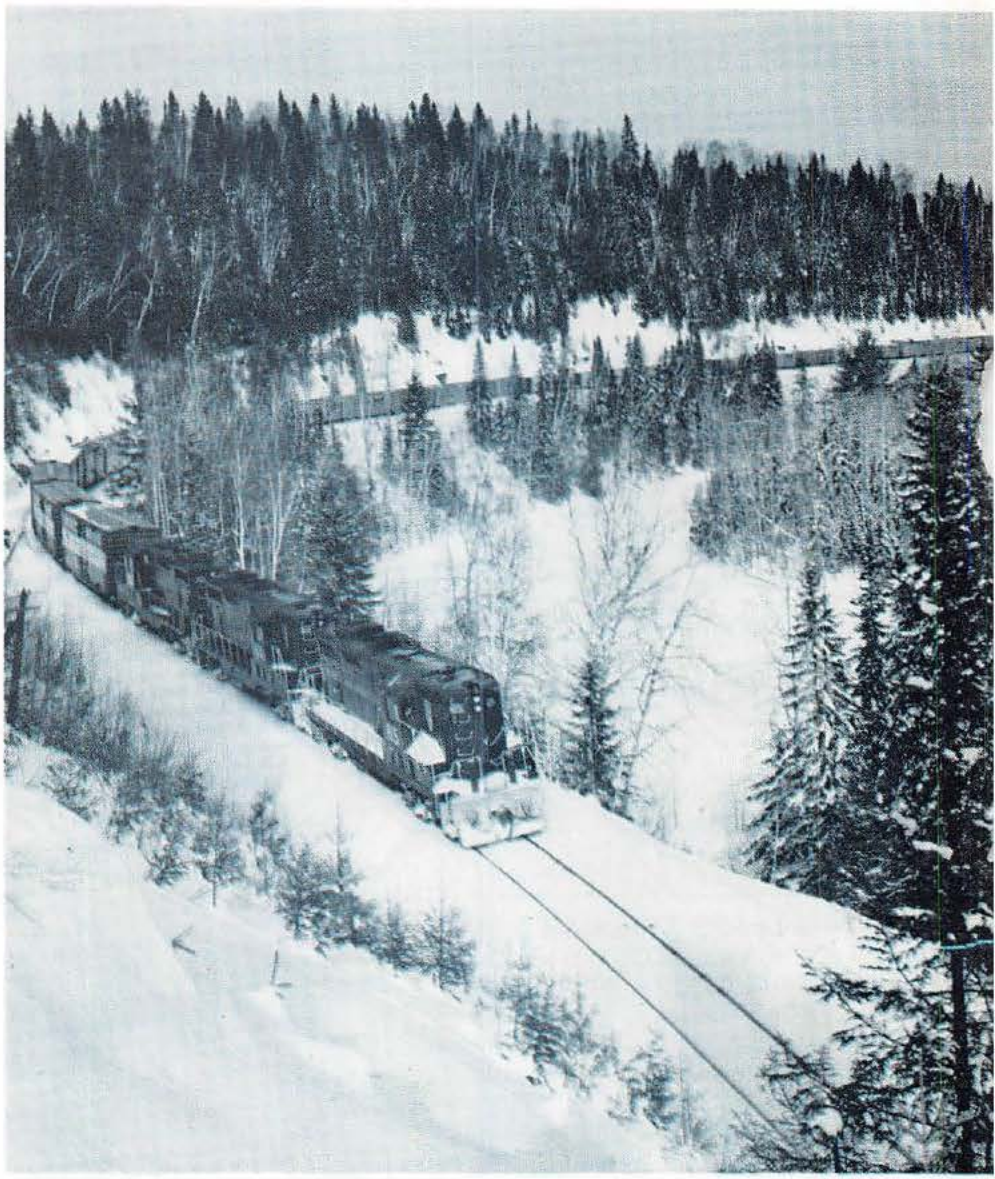
The fact that this situation has been turned around and BAR reported a pre-tax net income of $2.6 million on revenues of $12.7 million in 1971 and of $2.1 million on $13.7-million revenues in 1972 represents some real Down East ingenuity and thrift.

● **Potatoes and gravy.** Time was when BAR was the "potato road" and it handled 40,000 carloads annually. This put the gravy in BAR's financial results despite its seasonal nature and the fact that the potato traffic moved during the most difficult operating months in refrigerator cars that never could find summer loads in Maine. Unregulated trucking ladled off this traffic so it came to under 14,000 carloads in 1967 and was barely over 5,000 cars in 1970. As potato loadings declined, so did BAR's financial outlook.

BAR was faced with the unreliability of connections and first it strived to assure more consistent schedules to points of high consumption such as Boston and New York City. It took steps to assure prompt payment of damage claims. Finally, it established multiple-car rates and reduced minimums on certain carloads to make it attractive for potato shippers to return to the rails.

The road faced up to the fact that shippers would not beat a path to its sidings when it announced these changes. However, it was decided that several, substantial segments of BAR trackage, many sidings and a fleet of 1,500 ice refrigerator cars (one of the largest remaining fleets of cars in condition suitable for moving potatoes) could not be maintained on a standby basis if the traffic had permanently vanished from the rails. The past two winters have been the appraisal period.

● **Measuring the effects.** Since BAR potatoes move through the fall and winter, comparisons are best made on a seasonal, rather than a calendar basis. As of February 1973, potato traffic was up 141% over the previous season, a figure that includes local, export and interline movements. Both the crop and prices are good this winter, acting as a general stimulus to Maine prospects. BAR proudly points to the fact that its potato traffic to off-line points has more than doubled and it is expected that there will be a 33% increase over the 1971-1972 season when all results are in.



SNOW REMOVAL consistently uses substantial part of BAR m/w budget. Despite mild winter generally, Maine has had twice the snow of a year ago and clearing costs are up 20%.

The largest segment of BAR traffic is paper and by careful attention to service and equipment, BAR consistently handles over 90% of the output of Great Northern Paper and Fraser Paper. Paper accounts for nearly a quarter of BAR loads. In January 1973, paper set an all-time record on BAR—up 19% over the previous January. Closely related, and BAR's third highest traffic category, is pulpwood and wood chips. It is expected that woodfiber will be up 42%.

● **Traffic outlook.** The road is budgeting an increase of 13% in carloads this year—92,700, up from 81,611 in 1972. There have been some changes in consumption that permanently affect BAR's outlook. Convenience foods, including dehydrated and frozen, prepared potatoes have cut into bulk shipments. It is for this traffic that BAR has acquired a fleet of mechanical refrigerator cars and gone into piggybacking. Piggyback volume doubled during 1972 and it is expected to go up another 50% this year. Paper, as well as processed potatoes, are handled piggyback and BAR reports that both these categories would be even higher if additional trailers were available.

sagging potato traffic

TRACK INSPECTION has become specialized position with four road/rail vehicles utilized.

SEARSPORT produces substantial import/export traffic; container port is being made.

Today's Bangor & Aroostook Railroad has behind it over a dozen years of diversification and changes in corporate control. In 1960 the Bangor & Aroostook Corp. was organized in which the potato-based Maine railroad was shortly joined by other and widely dispersed enterprises including commercial finance, boat building and jewelry manufacture. In 1964 B&A merged with Punta Allegre, a reorganizing sugar producer which had been ousted from Castro Cuba, to form Bangor Punta Corp. Attempts to establish a beet-based sugar industry in Maine turned into a $30-million disaster and in 1969 control of Bangor Punta's railroad operation was taken over by F.C. (Bucky) Dumaine's Amoskeag Co., another investment firm which, among its diversified interests, is also the largest stockholder of (but does not control) the Maine Central. A year earlier Dumaine had relinquished his interest in the Delaware & Hudson to Norfolk & Western as part of ICC's ordered restructuring of the Northeast.

Amoskeag came on the BAR scene just as the railroad's financial skid was accelerating. It was in 1970 that the road posted its first red-ink results in modern times. By midyear, Dumaine had called upon one of his former D&H colleagues, Alan G. Dustin, to take a hard look at Amoskeag's rail operations which include, in addition to BAR and MEC, also the Pittsburg & Shawmut. Dustin, fresh from operating assignments with Erie Lackawanna, became executive vice president of BAR at the beginning of 1971.

● **The turnaround.** By the beginning of 1971, BAR's cash position could only be termed desperate—and getting worse. All the problems confronting the road in 1970 were still present, along with new ones. Carloadings were still sinking and the wage bill that had gone up 6.5% in 1970 was due to rise 12% more in 1971. A work force reduction program begun late in 1970 was accelerated, taking great care to insure the continuance of essential maintenance programs and assure that customer service did not deteriorate. It became necessary to borrow $1 million in January to meet debt and lease payments which had to be made by month end.

By July 1971, BAR was able to repay its short-term loan and at the end of 1971 current assets had jumped back to $802,000. Even while expenses were being pared, track and equipment were not neglected. The average number of freight cars awaiting heavy repairs was dropped about 6% under 1970, relying primarily on incentive per diem payments to do a major upgrading of 35 box cars which were raised to 70-ton capacity and fitted with end-of-car cushioning. In 1972 150 40-foot cars were converted for woodchip service.

Despite the fiscal belt tightening, BAR management continued to put about $500,000 annually into an accelerated track maintenance program that has seen installation of at least 50,000 tons of ballast in each of the past three years. Increased productivity was achieved by a change in the method of track inspection. In the past, section crews spent a portion of each work day patrolling their track with motor cars. Now BAR has four full-time inspectors responsible for all the 540 miles of line. Each has a Hy-rail truck complete with train radio and is responsible for all track inspection. BAR also consolidated 43 small section crews into 11 maintenance centers equipped with mechanized equipment not justified for small crews.

BAR has consolidated 26 agency stations into 13 regional centers with substantial savings in wages, maintenance and taxes. It has also vacated its downtown Bangor general office and put its corporate headquarters in the former passenger station at Northern Maine Junction, just west of Bangor.

BAR has kicked off a major program for upgrading its communications facilities. While there has been train radio since the 1950s, the Northern Division (Houlton and north) got five new base stations during 1972 and the number of portable sets and highway vehicle installations was increased substantially. The objective is elimination of 225 miles of pole lines through the establishment of a radio system capable of transmitting train orders from dispatchers to stations, having direct communication between dispatchers and train crews, station-to-station communications and a switching frequency for train operation.

This year it is expected that two more base stations and a repeater station will go in. By the end of 1974 all m/w machines will have been fitted with radio and the BAR's program which is to assure better performance of trains and quicker response to shippers' needs will be completed.

● **Quicker response.** Already the railroad has worked extensively with customers to assure better service. In so doing, it has also improved its own per diem situation. In one case, BAR approached Fraser Paper at Madawaska with a proposal that its 20 daily carloads be switched at night, rather than during the day. This permitted a change in through-train operation which allowed deliveries to the two major connections (Canadian Pacific at Brownville Junction and Maine Central at Northern Maine Junction), to assure better connecting train service and reduce per diem payments.

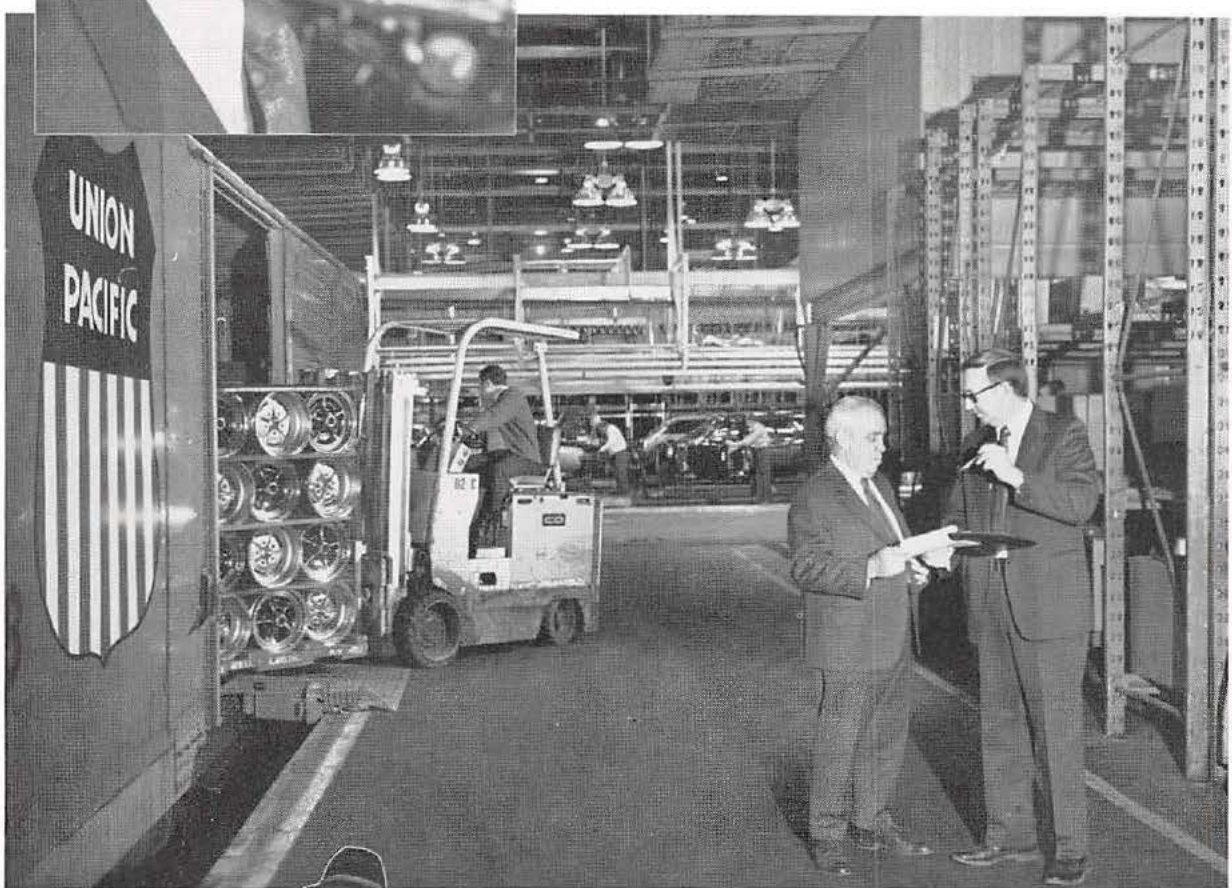
Because of its location, BAR has no potential as a bridge carrier and consequently must provide itself with an inordinate quantity of equipment to protect its originating traffic. This has consistently affected its operating and fixed charges. There are other problems. Says EVP Dustin: "We do not serve an industrial area—or even a growing agricultural region. While Maine is sure to industrialize, it is not easy to develop a healthy traffic mix. In the meantime, all we can do is take every advantage of our fixed and rolling assets." ■

John Davis sells traffic for U.P. and throws himself in at no extra charge.

Time and money are important to any company and the men who are able to do something about them are Union Pacific Railroad traffic agents, like John Davis.

Sure, John's out to sell you on shipping with us, and why not? We'll move your freight faster, more economically, too. But first, he's going to throw himself into your entire operation, studying it from top to bottom, pinpointing problems and offering solutions. Even when things are running smoothly again, he'll be there, looking for ways to make them smoother.

Why all the added fuss? Because we carry freight, and minding your business makes us better at ours. Give your U.P. traffic agent a call. You'll like the way he throws himself into his work and yours.



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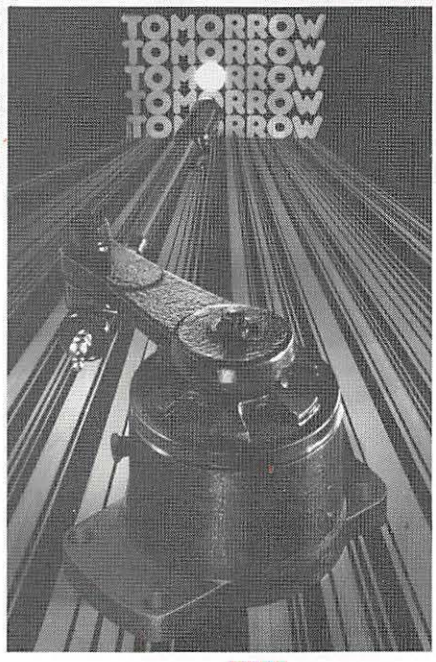

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SOAC is just the beginning. Of the new age of rapid transit. And Houdaille is a part of it. So come along for the ride. With Houdaille.

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Circle 12 on coupon page 45

Canadian National's new approach

By J.F. ROBERTS*
Vice President, St. Lawrence Region
Canadian National

For some years now carriers' sales representatives have been widely criticized by industry.

They have been said to be of general poor quality; that they did not serve their basic role as problem solvers; that they were simply order takers and all too often did not know enough of the industry they were selling to or even of the very company they represented.

Some years ago those criticisms would have been valid in all too many instances, especially in the days when most transportation companies were production oriented. But no longer. Certainly there are areas where specific criticisms still apply but in general I don't feel they are pertinent today.

Not that I want to leave the impression that we have done all with our industry that we believe can and should be done.

But the transportation industry has changed—our technology has changed—our concept of ourselves has changed—and the manner in which we deal with customers today reflects this.

Let me cite a few examples:

Canadian National introduced a training program in 1965 to educate our salesmen in the application of sales and marketing concepts and to upgrade their skills, in general, as industrial salesmen. The training program covered such things as product knowledge and the necessity of recognizing the customer's needs. We taught our salesmen to find out as much as possible about the customer's processes and to organize the information acquired and to develop some fundamental skills in creative selling.

Although this training was designed to put across the fundamentals of a salesman's job it was not long before we looked a little further and decided that the growing trend to consider all the factors in distribution costs meant that our people needed a fairly detailed course in total physical distribution.

We decided, to begin with, that our people should have an understanding of the comparative and relative costs of warehousing, materials handling, order processing and inventory control, as well as the cost and convenience of various types of packaging and, of course, transportation.

We felt strongly that our salesmen should be aware that transportation charges amount to only about 50% of the total cost of distribution. But they also needed to know that a change in any one of the methods or procedures in the over-all distribution system can have a marked change on the costs of any or all of the other elements.

In getting these ideas across we used a number of case histories which amply demonstrated the trade-offs between distribution elements. These case situations helped the men to develop the ability to recognize the factors involved in a customer's logistics system and to prepare a sales proposal that would take all these factors into consideration.

Now I don't mean to imply that we have suddenly developed a corps of salesmen who can solve every problem a shipper might have. But what we feel we have achieved is a salesman attuned to the idea of looking further than what kind of freight car he can provide at what price.

To add further strength in this area we have introduced a technical back-up service that we call customer research services. This means that our sales people have access to a technical staff that is highly skilled in the various facets of physical distribution.

In addition we have introduced marketing orientation seminars for CN management at all levels and in all departments. As a result of these seminars and other training programs for management we have built up a capability to adapt our facilities and services quickly to the needs of the market.

Canadian National is in the process of establishing 70 new business units across Canada. We call them Servocentres. They will eventually represent the nerve centers of a new system of doing business with the public. When fully operational, sometime in 1975, each Servocentre will be provided direct access to a sophisticated bank of computers with the result that each center will possess the ability of providing instantaneous answers to customer queries bearing on car distribution and movement, documentation, tracing, rates and service.

The benefits to both ourselves and our customers, we feel, will be monumental.

We feel that our Servocentre net-

"We decided that our people needed a fairly detailed course in total physical distribution"

"Users of transportation also have a responsibility to keep abreast of industry developments"

*Excerpted from a paper presented before the Canadian Institute of Traffic and Transportation.

to freight sales training

work, and the comprehensive management information system at its base, will provide us, among other things, with the ability to better manage our freight car fleet—to the extent that we will be able to reduce our fleet by some 8-9,000 cars while retaining the ability to handle the same quantity of work. At an average replacement value of approximately $15,000 per car this could mean a reduction in our capital requirements of $135 million. And don't think that won't improve our competitive position.

I've explained how we and the transport industry in general, I think, have become more attuned to the needs of customers. But another point should be made—that the users of transportation also have a responsibility to keep abreast of industry developments and to become more knowledgeable about distribution in general

Many of our customers claim they are aware of this need, yet I am not fully convinced. For example in my own casual discussions with customers the conversation almost always deals with their product. This is natural. But it is also somewhat disturbing to find that if the conversation moves on to the question of how best to solve their distribution problems there is not enough awareness of the inter-relationship between their needs and the transportation industries' abilities to meet them.

The ironic side to that coin is that many of the industrial people brag about knowing their manufacturing costs to the last decimal yet know little about how much it costs them to move their product to market.

Distribution can have a very decided effect on a firm's ability to compete—surveys have shown that physical distribution costs can range from 6% to 60% of the total selling price of a commodity.

In a majority of medium-sized or relatively small firms there is no physical distribution group or even an individual specializing in traffic problems. In all too many industries physical distribution has not been recognized as a managerial function and there is no long-range planning in this area.

It can be argued that the complete chore should be left with transportation carriers because they know more about the intricacies of complex transportation systems. However, so many factors which are indirectly affected by transportation call for data input by the owner of the goods that the carrier, on his own, can at best guesstimate. ■

Organizing to sell in a changing market

The transportation market in which the railways sell their services is significantly different today from the one they knew prior to the 1960s. The railways have moved from a position of near monopoly in land transportation to a position where they are competing with other modes of transportation, such as highways, airways, ships and pipelines.

The last 15-20 years was a period of remarkable transition from established to new patterns of thought and action in the transport industry and the very foundations of the broadly-based transportation enterprises of tomorrow were, in large measure, laid during this period.

I have some specific developments and events in mind here. The passing of the National Transportation Act a short five years ago would be one of them. The act removed thickets of legislation inhibiting the growth and evolution of the transport industry and promoted keen competition between all modes. I doubt very much if we will see in the Seventies and Eighties a development to rival it in significance.

Similarly the growth of sophisticated intermodal services was another event of the decade rich with implications for the future. The Container Revolution, solids pipelines, the expansion and refinement of the railhead concept for moving express by road and rail, the perfection of cargo-flo as an intermodal system for moving bulk freight are all rooted in the Sixties. And there are many more.

But it was not only specific developments which made the decade a significant one. The transportation industry also acquired during it a habit of mind which will, I think, in the long run prove just as meaningful to our future evolution as the tangible events that I just referred to.

In the face of this growing competition between various modes and systems we began to question the traditional picture we had formerly entertained of ourselves and of our place in the scheme of things. We began to recognize the need to change ourselves in some fundamental way and we began to experiment with new ideas. I believe I can speak for the industry as a whole when I say this.

The basis for a lot of what has gone on in CN really began back in the early Sixties.

Prior to that time, the organization was highly centralized, with a president at the top, then a vice president of operations, then a regional, a district and a division operations management.

In the traffic sales organization there was a similar vertical set-up. There was a vice president of traffic and there was regional, division and district traffic management. Everything was controlled through this chain of command by the president.

This kind of organization has evolved for us from the needs of a production-oriented company. It was quite suitable so long as the railway could remain primarily production oriented. But when the increasingly competitive situation began to dictate a market-oriented approach, the weaknesses began to show up and a drastic reorganization became necessary.

From this centralized, vertical structure we changed, therefore, to a more decentralized and horizontal structure divided into five regions, each headed by a vice president, of which I am one, who is responsible for marketing as well as operations, and 17 business areas each headed by an area manager.

And even more recently we have been evolving into a grid or matrix management organization which is really a marriage of the two—that is that more and more vertical reporting lines are criss-crossing with equally solid horizontal ones.

With this shift in emphasis it became apparent that both our operating people and our sales personnel needed new skills and training to help them integrate what had previously been two separate fields of endeavor. . . —J.F. Roberts

1,000 plus 1,000

Santa Fe again adds to its hopper fleet to provide 12,000 giant 100-ton cars to carry wheat for Russia and keep other bulk loads moving

Inspectors checking new hoppers at car builder's plant. Santa Fe pioneered the use of these giant 100-ton covered hoppers for moving wheat, potash and other bulk commodities.

Trough hatches extending the length of car roof permit loading in about 12 minutes. Cars can be unloaded in less than three minutes.

Cars at dock facilities for transloading wheat to elevator and ship.

Santa Fe is now taking delivery of 1,000 giant hopper cars and we have just ordered 1,000 more for the fastest possible construction. All together, 12,000 hoppers will soon be rolling at a record pace along with other types of cars to meet unprecedented demands at this time for rail transportation.

Moscow To Moscow—historic turnaround for America's wheat.

The history of wheat on the Santa Fe started back in the 1870's when railway representatives were sent to Europe with a view in mind of winning settlers to Kansas.

Through this effort, the Mennonites emigrated from Russia in 1874 and brought with them a few sacks of wheat—red wheat—that thrived and transformed the Midwest and parts of the Southwest into the breadbasket of the world. Today, one of the cities, not far from the center of the wheat belt on the Santa Fe, carries the name of Moscow, Kansas.

Now, the same type of wheat brought to this country by the Mennonites is going back. It is part of the 400 million bushels being sold to the Soviet Union. Santa Fe's giant hopper cars are moving it. The company that helped bring wheat to this country is now moving it out, 100 years later.

"Handling export wheat for Russia while keeping potash and other bulk commodities moving along with all types of freight is a big job. Teamwork is required between railroads, port authorities and exporters in the scheduling of wheat movements to coordinate with sea-going vessels, —at the same time we seek cooperation of all shippers relying on Santa Fe freight service.

The heavy volume of freight now moving puts the teamwork and cooperation of everyone to the test and Santa Fe is working closely with its customers to meet this transportation challenge successfully—"

John S. Reed

Chairman and Chief Executive Officer

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Circle 13 on coupon page 45

MORE THAN 2,400 CARS A DAY are scanned by ACI Systems Corp. scanners that bracket all entrances and exits at Soo Line's Schiller Park, Ill., yard northwest of Chicago.

Aci keeps cars moving at Schiller Park yard

"The effect of automatic car identification providing a date and time check on cars gives us another tool to continue to upgrade our service to customers." That's how H.H. Link, terminal superintendent, views the installation of aci covering all entrances and exits to Soo Line's Schiller Park, Ill., yard. "In general, aci has given us better control of car handling in the Schiller Park terminal. We are able to easily maintain records on cars we receive and deliver to other roads."

● **Scanners bracket yard.** One aci scanner is north of the yard on single track; two scanners south of the yard are in double-track territory. The north-end scanner checks over 800 cars daily, while the two southend aci scanners view over 1,600 cars each day. The heavier southend traffic includes transfer moves between Soo and its Chicago connections. (These southend scanners, incidentally, will also be polled by the Chicago Railroad Terminal Information System's computer when its aci system is operational this year.)

Specifically, Soo's benefits from aci include:

—Complete inventory of cars entering or leaving the yard.

—Reduction in paperwork due to automatic creation of inbound and outbound car checks.

LABEL DECODING PROCESSOR is a minicomputer at south end of Schiller Park yard which handles two aci scanners on the double track. To the transmission control units on Soo's central computers, these LDPs appear as 1050-type terminals, which are polled over 15-baud data circuits.

—Data enhancement obtained by matching aci scans with advance consists. This is performed by the Soo's central computer in Minneapolis.

—The aci system operates in an on-line mode so that when an arriving train has been yarded, an aci list in the form of punched cards is in the yard office.

—"Use of aci has eliminated making a physical check of the yard to obtain inventory data. The aci system plus the yard's PICL [Perpetual Inventory Car Location] system provides complete car inventory information," says L.A. Taylor, trainmaster-agent. "Additionally, we are definitely obtaining monetary savings as a result of using the aci system. Simply put, aci is paying its way."

● **CPU polls scanners.** The Minneapolis computer polls the aci locations over 150-baud data circuits. The central computer converts the billing road code, via the carrier index, and updates the car file for response to computer inquiry, and for later pass-off for historical car-record purposes. Also, the aci scanner list is reversed so that it reads from caboose forward as does the conductor's train list.

This processing, beginning with the poll, takes about 15 minutes. So, with arriving trains at Schiller Park, the yard office has the aci list by the time the train is yarded. Thus, there is no delay in train handling. All aci scanner list data is sent to a 1050 terminal in the yard office which automatically punches cards for use in the PICL system.

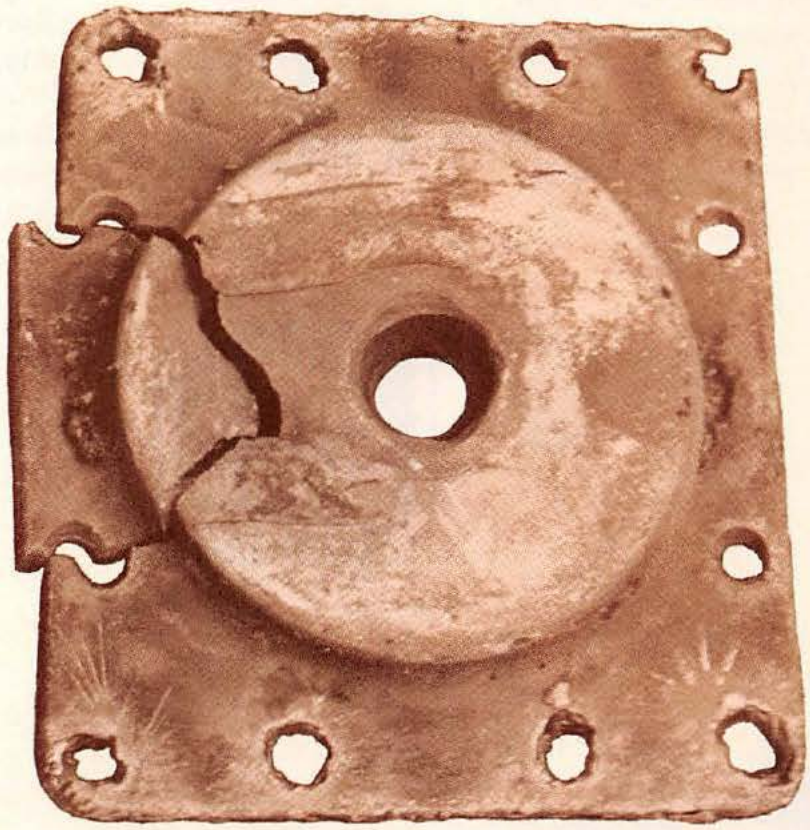
● **Aci list enhanced.** For southbound trains arriving at Schiller Park, the aci system working with the central computer provides an enhanced list for the yard office. For such trains, the teleprocessing system has already sent Schiller Park an advanced consist from the Fond du Lac, Wis., yard. The aci scanner list is compared with the advanced consist sent earlier. Exceptions are noted and an enhanced aci list sent to Schiller Park will contain fill-ins for those blanks in the aci list (cars not labeled or labels in unreadable condition).

This aci list provides initial and number, AAR car type, load or empty. If the car is empty, the condition or grading of the car will be given. This latter information will be helpful to the local car distributor who may be able to obtain a load for the car.

For transfer runs arriving at Schiller Park, the yard receives the aci list which contains car initial and number, AAR car type and last contents handled of any Soo Line cars. This is also helpful to the car distributor if the car is empty (car inspector so informs him via radio) in his efforts to obtain a load for it.

● **Aci matches PICL.** For trains leaving Schiller Park yard, the aci scanner list is matched with the PICL deck of the train and any discrepancies are corrected, after which the outbound consist is transmitted to the central computer.

Soo Line owns the north aci scanner, but leases the two scanners south of Schiller Park yard. All three scanners and the label decoder processors were manufactured by Computer Identics Corp. Installation was by ACI Systems Corp., which maintains the equipment on a lease-maintenance contract. ■



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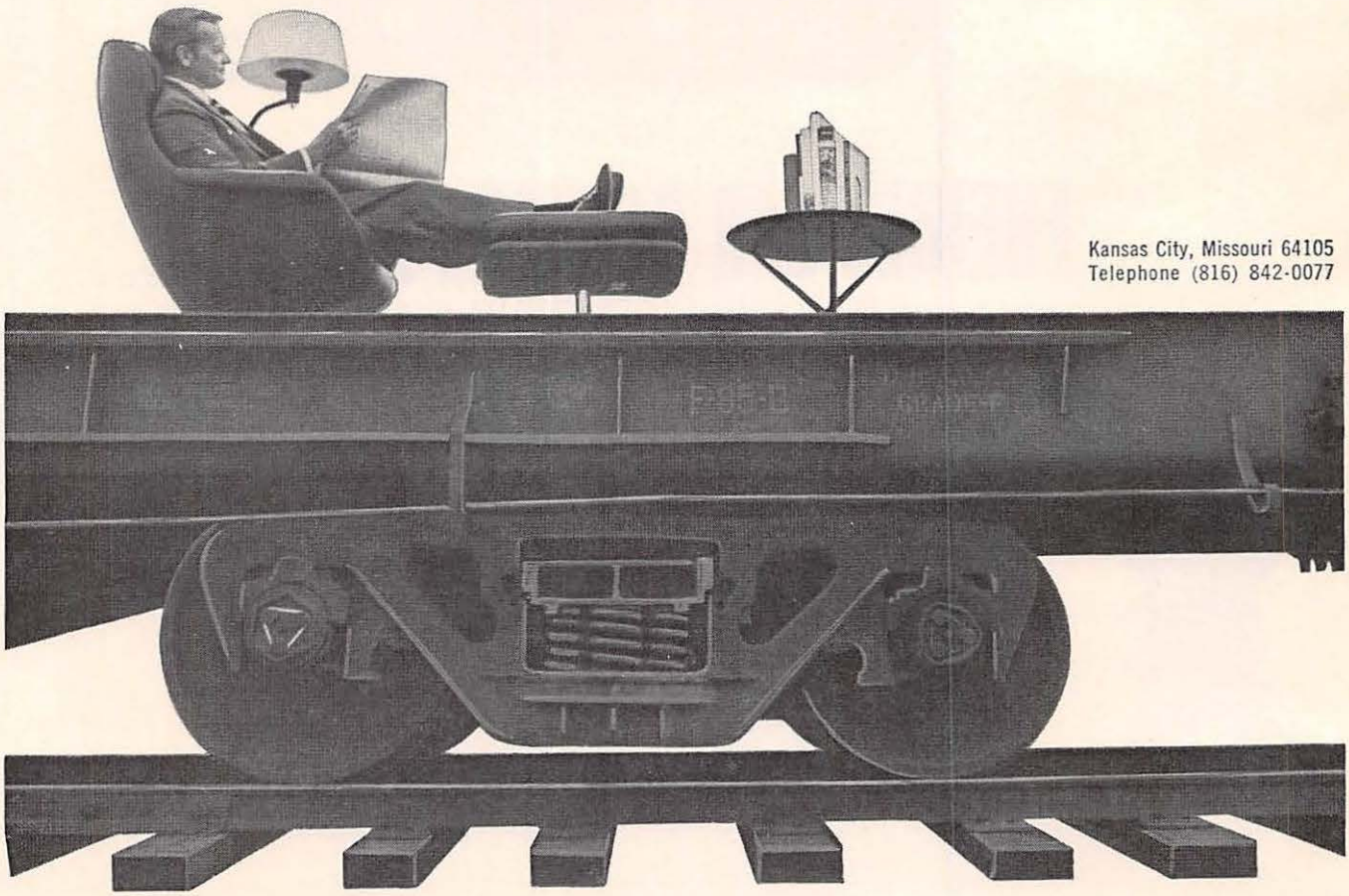

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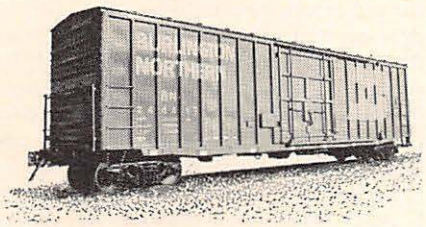

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Circle 15 on coupon page 45

Fishwick, Menk speak out on Northeast

The perplexing northeastern railroad problem and the effect it may have on railroads in general came under scrutiny in recent days by a pair of top railroad executives. John P. Fishwick, president of the Norfolk & Western, had as his most recent major forum the Executives Club of Chicago. And then Louis W. Menk, chairman of the Burlington Northern, aired the problem at the 25th International Conference on Handling Perishable Agricultural Commodities at Purdue University.

Fishwick made these points:

—With the flight of industry from the Northeast and with the growing impact of the Interstate Highway System, "There is simply not enough present or prospective business to support anywhere near the trackage the railroads now own and operate. We must either permit the railroads to contract their plants to the level of viability or in some way provide government funds to enable the railroads to continue operations."

—One view is that the test of rail service essentiality is its viability and that the test of viability is what private enterprise will pay for and operate. But even if this view is accepted, "There remains a serious problem as to how it could be implemented. We might consider reorganizing the viable parts of Penn Central and other bankrupt railroads within a new corporation or corporations formed under conventional reorganization procedures. We might also consider selling off the viable parts of these railroads to connecting lines or interested parties. But no one could determine whether he would be willing to undertake an operation of any part of these bankrupt lines unless he knew in advance what the final price would be, what obligations he would be undertaking with respect to payments to employees whose services would not be necessary and what would be demanded by the affected labor organizations as a condition of their members' operating the acquired property. No satisfactory resolution of these crucial points may be possible without government intervention and probably without a major contribution by the Federal government toward the social costs involved in abolishing thousands of railroad jobs."

—Those who insist upon the operation of non-viable lines "must accept the fact of government participation in some form, with whatever threat such participation implies. Nearly all those who have accepted that premise have tried to find some solution for government intervention short of outright ownership and operation by the Federal government." But a plan for the government to acquire rights-of-way of bankrupt roads and levy a user charge of 60 cents per 1,000 gross ton-miles? "Such a plan would provide devastating competition for solvent competitive railroads, which would have to own and maintain their own rights-of-way at a cost about triple that charged to the bankrupt railroads."

—If you look at areas, as Fishwick thinks you should, instead of at individual bankrupt railroads, there is that area known as the Northeast corridor. Says Fishwick: "I think the Federal government, through some organization such as Amtrak, should own the rights-of-way and operate passenger lines through this corridor. The freight traffic moving through the corridor could easily be moved over other trackage of PC or other railroads." In this context, NW's president notes that R&D efforts here and abroad will eventually produce very-high-speed surface transportation designed for just such as the Washington-New York-Boston corridor. And "there will never be a better time than now for the Federal government to acquire a right-of-way...The price, based upon net liquidation value, will never be lower...Such an undertaking could probably be fully justified quite apart from any collateral effects it would have on the eastern railroad situation, although undoubtedly the infusion of substantial liquid assets into PC would be helpful."

The Boston-Washington corridor, they agree, may have to be federalized.

How does Jack Fishwick sum it all up? "My own view is that the best possible outcome would be to have the eastern railroads, or as much of the eastern trackage as possible, owned and operated by private enterprise and that any intervention by government should be limited. Moreover, any such intervention should have as one of its principal guidelines the preservation of the remaining rail systems in the East as well as those in the South and West as viable transportation companies..."

What would happen if the Penn Central ceased to operate? Said Menk: "Certainly there would be chaos in many key industries if PC were forced to stop rail service in the 16 states in which it operates. The impact would be national, not merely regional. This becomes clear when you consider that BN, which operates in 19 western states, last year delivered more than 62,000 carloads of freight to PC and received 45,000 carloads from that carrier. Indeed there would be new economic hardships across the nation if we were to lose PC service in the northeast quadrant."

There are alternatives to outright nationalization, Menk added. Convinced that there is no such thing as "just a little nationalization," the BN executive offered these alternate routes:

—Creation of a temporary government corporation to restore PC to workability as a private enterprise.

—A cooperative solution involving government and the railroad.

Menk favors the second alternative since less government participation would be required. "I favor it for that reason, and also because it offers the most promise for the renewal of the PC as a private company."

There's simply too much Penn Central, Menk contends, and that's where much of the problem lies. "Full support by the Federal government would be required in pruning the 20,000 miles of PC track to little more than half that much. The railroad would need permission to close down service on branchlines that are not now generating—and never will generate—sufficient traffic to enable the road to break even or better."

The rail corridor between Boston and Washington is a special case "and probably will have to be federalized," said Menk. "As little as I favor government takeover of any part of any railroad—and fear it—no private enterprise could possibly finance the capital improvements that will be necessary to put that rail corridor in shape for the even-faster passenger trains the government wants for the future." He sees this corridor as a truly viable alternative to the highways and airways.

With the lowest revenue per mile of line and the lowest traffic density per mile of line of all the railroads in the East, PC's bankruptcy should really be no surprise, said Menk. No enterprise-for-profit can or should be compelled to provide unprofitable public services, he feels. The point has been reached, he continued, where "a good many people in government and a substantial portion of the public in PC's states must decide whether they want the railroad run as (1) a business or (2) by the government. I pray they take the former course because I do not believe the country should be compelled to accept nationalization with all its financial penalties and proven operating inefficiencies." ■

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With brass ball design, spring loaded rubber seal, flexible threaded brake pipe adaptor and our new improvements, the Sloan Brake Pipe Angle Cock is a product we are proud to recommend. Be sure that you specify it for your railroad—most people do.

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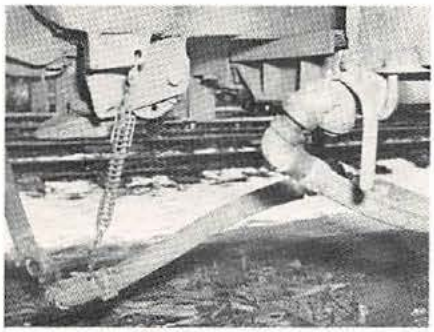

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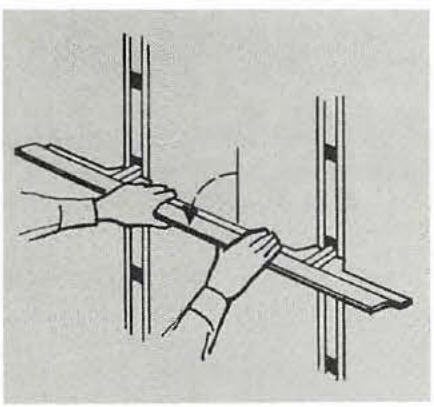
A flexible air-brake hose support spring for hi-cube, piggyback and other cars resists unusual stress conditions with the strength of steel and the flexibility of rubber. The AAR Mechanical Division has approved 10,000 carsets for interchange applications. The Vapor Transportation Systems Division designed the support to avoid the breakage of other types under loads imposed by grades and sharp curves. The steel compression spring is installed between two short lengths of durable chain. It allows greater freedom of movement of the hose while preventing it or the hose coupling from dragging between the rails and becoming damaged.

Circle 60 on reader service card



Double decking system increases trailer loads

A double-decking system adjustable to any of three, or more, deck heights in piggyback trailers serves to safely increase trailer payloads. The Equipco system consists of individual steel-reinforced deck units that rest on integral shelf rails. Each 47½-in. shelf rail segment, sized to accommodate one deck unit, can be positioned 46, 56 or 64 inches from the trailer floor. Alternate or additional height options are available. The captive rail is lifted to desired height and two lock pins are engaged in appropriate side channel slots. When not in use, shelf rails fit snugly against the trailer side wall. Each deck unit has tine slots for rapid forklift handling and integral stacking pins on the underside.

Circle 61 on reader service card

Scuff plate guards traffic areas against wall damage

A heavy-duty, 16-gauge, corrugated steel rub rail and scuff plate protects warehouse, plant walls and loading dock areas from lift truck fork and pallet load scuffing and damage. The plate, called Tuf-Skuf, is produced in 12 3/4-in. and 6 3/8-in. cold rolled sections by Ohio Moulding Corp. Tuf-Skuf can be used to provide 12-, 18- and 24-in.-wide rub rails in continuous lengths to 45 ft. The hot dip galvanized sections are suitable for indoor and outdoor use. The heavy-gauge corrugations provide guardrail-like structural rigidity with resiliency that enables the plate to absorb and deflect major impacts without deformation. In addition to custom lengths to 45 ft, the scuff plate is available in standard 24- and 39 1/2-ft lengths.

Circle 62 on reader service card

Impact strip printer can work with KarTrak aci

The SP-20, multiple code, digital data impact strip printer is compatible to all KarTrak automatic car identification systems. This Clay Corp. unit will interface with ASCII, Baudot and IBM 1050 codes, and accept baud rates up to 135 bits/sec. The SP-20 is a complete alpha-numeric printer using pressure sensitive paper or gummed labels. It weighs 8 lb and measures 8 in. wide by 8 in. deep by 5 in. high, making it readily portable for field use.

Circle 63 on reader service card

Strength up, weight down in new FRP trailer line

Fiberglass Re-inforced Plastic (FRP) side and front end panels are featured in

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61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90

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☐ PLEASE SEND INFORMATION ABOUT SPECIAL RAILWAY AGE SUBSCRIPTION PLAN FOR EMPLOYEES AND CUSTOMERS.

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a new line of trailers from the Clark Trailer Division. A 3/4-inch exterior grade plywood core sandwiched between seamless high-impact fiberglass skins give the trailer added strength compared with its aluminum-skin-and-post counterpart. At the same time the thinner panels increase the payload volume, as much as 75 cubic feet in a 45-foot trailer. New rear-end strength and protection, an improved electrical system, a new landing gear and strengthened door locks are among other special features of the trailer.

Circle 64 on reader service card

Automatic battery chargers are of solid-state design

A new line of solid-state, fully automatic battery chargers featuring ac voltage compensation, dc voltage regulation, and electronic current limiting is called Nife SCB. The battery chargers are designed for operation with both pocket plate nickel cadmium and ordinary lead-acid storage batteries, with or without connected loads.

Voltage stability is ±1% through full nominal current over an input voltage variation of ±10%, assuring minimum battery maintenance in long-term float service. Units maintain continuous and intermittent loads up to maximum ratings. Beyond approximately 120% of rated output, output voltage drops rapidly, protecting the charger and the system.

Two constant-voltage settings are provided: a "float" setting to maintain a fully charged battery in a fully charged condition, and a "high-rate" setting which permits a discharged battery to be recharged rapidly. The high-rate charge is initiated automatically if there is an ac power failure of more than 10 seconds' duration, or manually by an override pushbutton. Return to float charge is automatic after a preset time of up to 24 hours.

Outputs, both filtered and unfiltered, range from 3 amp single-phase through 300 amp three-phase operation.

Circle 65 on reader service card

Facsimile unit can send to 10 other fax receivers

The latest Graphic Sciences dex broadcaster transceiver was designed for businesses which frequently send many documents to all of several locations from one centralized location. With the dex Broadcaster these document transmissions can be made simultaneously, and to as may as 10 dex units. The new unit is designed for use over private lines or over the DDD network via the phone company's data access arrangement. It is compatible with the six-minute, dex I family, the three-minute, dex 180 family and the dex 3000.

Operation of the dex Broadcaster is simple and does not require a trained operator. When used over the DDD network, the operator simply telephones the receiving stations and depresses their respective channel buttons. After a verification cycle of approximately 17 seconds, lights on the unit will indicate that the desired stations are on line and ready for reception of data. The transmit button is then depressed, and the document is transmitted to the appropriate dex units.

Circle 66 on reader service card

New liner head drive rivet made for use in metal/wood

An all-aluminum liner head drive rivet is being marketed by the Townsend Co.'s Cherry Commercial Products Division. Corrosion resistant, with wide grip capability, the rivet is an economical and practical fastener for use in blind-hole metal and wood applications. Its flatheaded design lessens the likelihood of overdriving in assembly. The exclusive lug design of the drive pin insures positive retention and its large diameter gives outstanding shear strength. The smooth pin end remains inside the rivet legs after installation.

Circle 67 on reader service card

NEW LITERATURE

BATTERIES. Chloride Systems (U.S.A.) Inc. has released three data sheets on its new ranges of pocket plate alkaline nickel cadmium batteries. Applications are described for, among other things, railway signaling, rapid transit, caboose lighting and railway diesel starting.

Circle 70 on reader service card

FIRE-SAFETY PROBLEMS. Monsanto Co. has prepared for the transportation industry a brochure describing the fire-safety capabilities of the firm's operating units. The booklet details the regulatory picture as it affects the industry, as well as test methods and standards used by government agencies.

Circle 71 on reader service card

FLEXIBLE METAL HOSE. A new catalog about flexible metal interlocked hose has been issued by Federal Metal Hose Corp. The range of lined hoses described for dry-bulk-materials-handling application is wide. There are also unlined types for dust collection, fume control and air handling uses.

Circle 72 on reader service card

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People in the News

Robert C. Moot
Amtrak

Richard L. Lich
Dresser

Samuel W. Madeira
Budd

Max Ephraim, Jr.
EMD

AMTRAK.—**Robert C. Moot,** Assistant Secretary of Defense (Comptroller), Washington, D.C., joined Amtrak on Feb. 1 as vice president-finance.

BRITISH COLUMBIA HYDRO & POWER AUTHORITY.—**S.G. Boucher,** transit control superintendent, appointed superintendent of Hydro's Oakridge transit operation, in addition to his present responsibilities. He succeeds **H.E. Lyon,** named manager of Pacific Stage Lines, Hydro's inter-urban bus service, to replace **T.A. Ross,** retired.

BURLINGTON NORTHERN.—Has established an Energy and Minerals Department with headquarters at Billings, Mont. **Thomas C. Kryzer** named vice president, energy and minerals, to head the new department. Mr. Kryzer was previously assistant vice president of the energy, metallics and chemicals section, Market Development Department, St. Paul.

CANADIAN PACIFIC.—**D.S. Maxwell,** deputy minister of justice and deputy attorney general of Canada since 1967, appointed vice president law and general counsel for CP.

DELAWARE & HUDSON.—**William J. Woods** appointed system car distributor, Albany, N.Y., succeeding **Calvin A. Gleeson,** promoted.

ERIE LACKAWANNA.—**Alvin B. Collins,** district sales manager, San Francisco, retired Feb. 1, after more than 48 years of service.

R.L. Downing, general superintendent, Hoboken, N.J., transferred to Cleveland and has been succeeded by **C.E. Wogan,** manager of intermodal operations, Cleveland. **K.W. Dingle,** superintendent, Mahoning Division, Youngstown, Ohio, appointed manager of intermodal operations. **W.E. Flight,** superintendent, **Buffalo Creek,** named superintendent, Youngstown. **R.E. Fahey,** assistant superintendent, Marion Division, named superintendent, **Buffalo Creek.**

GENESEE & WYOMING.—**Francis J. Pascuzzo** appointed superintendent of equipment, Retsof, N.Y.

ILLINOIS CENTRAL GULF.—**John I. Sutton,** director of computer services, named assistant vice president, communications and computer services department.

MILITARY TRAFFIC MANAGEMENT & TERMINAL SERVICE.—**Brig. Gen. Richard L. Morton** has assumed command of Eastern Area, Brooklyn, N.Y., replacing **Brig. Gen. E.B. Owen,** who retired in December. Gen. Morton formerly served as assistant chief of staff, logistics, Allied Forces Central Europe in The Netherlands.

MISSOURI-KANSAS-TEXAS.—**Richard O. Bothun,** assistant superintendent stations and claims, named director freight claims and prevention, Dallas. **Bruce G. Shulter** appointed assistant director of damage prevention.

Bruce O. Pike named assistant director-public relations, Washington, D.C.

George J. Elking, assistant general rate manager, promoted to the newly created position of manager-TOFC rates, St. Louis. **Robert W. Hengehold** named assistant rate manager, St. Louis. **J. Eddie Warren,** assistant sales manager, Dallas, advanced to sales manager, Texas City, Tex. Mr. Warren's successor is **William J. Durfee, Oliver E. Schick,** regional sales manager, Chicago, retired.

NATIONAL ASSOCIATION OF RAIL PASSENGERS.—**Robert J. Casey,** former public relations director, **Westinghouse Air Brake Co.,** Pittsburgh, named executive director, NARP, Washington, D.C.

NATIONAL RAILWAY LABOR CONFERENCE.—**David P. Lee,** general attorney, Washington, D.C., named general counsel, succeeding the late **James A. Wilcox.**

NORFOLK SOUTHERN.—**B.J. Wiggs, Jr.,** acting chief transportation officer, Raleigh, N.C., appointed chief transportation officer, succeeding **H.R. Parrott,** who retired March 1, after 24 years with the NS. **Jack E. Andrews,** vice president-sales, retired Feb. 28, after 49 years of railroad service, 31 of which were with the NS.

PACIFIC SOUTHCOAST FREIGHT BUREAU.—**Marvin A. Nelson,** chairman, San Francisco, retired.

PENN CENTRAL.—**Paul R. Duke** appointed general counsel-legal department, and **Carl Helmetag, Jr.,** appointed general counsel-reorganization, Philadelphia. **Basil Cole,** vice president-legal administration, has left the PC to enter private practice.

Andrew J. Conklin, assistant superintendent-operations, Western Region, Chicago, appointed superintendent, Buffalo Division,

(Continued on page 51)

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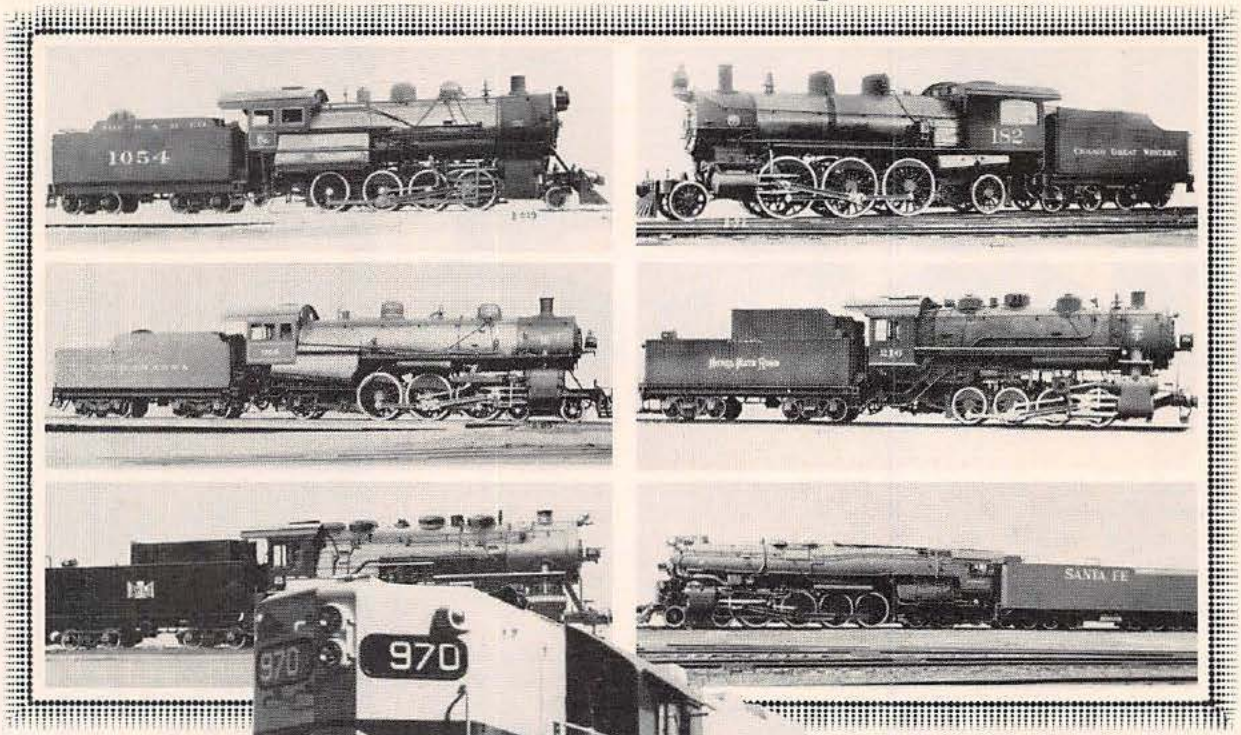

Photos courtesy of *The American Steam Locomotive* (Midwest Rail Publications) and *Trains Magazine*.

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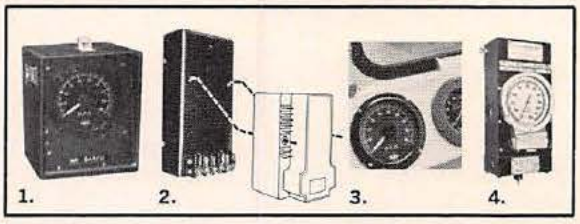
Barco Electronics



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Circle 19 on coupon page 45

Market Outlook

CARLOADINGS

Loadings of revenue freight in the week ended March 3 totaled 529,415 cars, according to the Association of American Railroads. This was an increase of 23,357 cars, or 4.6%, compared with the previous week, and an increase of 40,446 cars, or 8.3%, compared with the corresponding week last year. Ton-miles generated by carloadings in the week ended March 3 are estimated at 16.6 billion, an increase of 10.3% above the corresponding week of 1972.

REVENUE FREIGHT CARLOADINGS

Commodity	March 3 week
Grain	31,760
Farm products	12,500
Metallic ores	22,608
Coal	83,139
Crushed stone, gravel & sand	23,987
Nonmetallic minerals	14,579
Grain mill products	22,328
Food and kindred products	23,767
Primary forest products	25,169
Lumber & wood products (except furniture)	16,989
Pulp, paper & allied products	23,736
Chemicals & allied products	31,331
Petroleum products	10,215
Stone, clay & glass products	20,745
Coke	7,903
Metals & products	29,003
Motor vehicles & equipment	29,456
Waste & scrap materials	17,521
Forwarder & shipper assn. traffic	9,656
All other carloads	66,591
LCL traffic	432
Total cars loaded	529,415

	1973	1972
Cumulative total, 9 weeks	4,487,181	4,172,014
Estimated revenue ton-miles (billions) 9 weeks	140.1	126.8

PIGGYBACK LOADINGS

U.S. piggyback loadings for the week ended Feb. 24 totaled 28,030 cars (18.9% above the corresponding week last year) and 48,512 trailers or containers (up 22.4% from 1972). Cumulative volume for the first 8 weeks of 1973 is 215,621 cars (up 17.3% from last year) and 368,923 trailers or containers (up 20.5% from 1972).

IN CANADA

7 days ending	Tons of Revenue Freight	Cumulative Totals
Feb. 21, 1973	4,292,372	29,910,331
Feb. 21, 1972	3,742,173	25,217,061

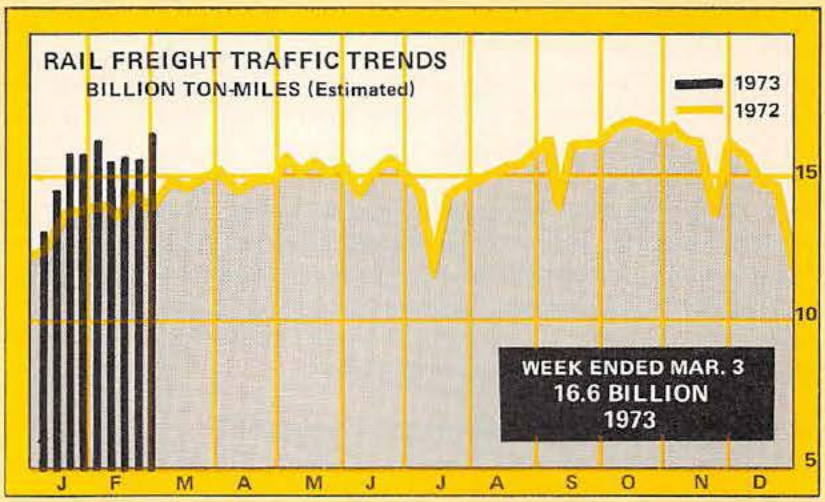
● *Auto Train.*—Will acquire 41 additional auto carriers as the result of a 12-year, $2.5-million lease agreement with U.S. Railway Manufacturing Co. The cars, purchased from Canadian National and undergoing complete overhaul and reconditioning at U.S. Railway's Southern Iron & Equipment plant in Chamblee, Ga., are scheduled for delivery in April. This will bring Auto-Train's fleet of auto carriers to 69 units. The new cars reportedly will be used in expanding Auto-Train service.

● *British Railways.*—TRW Electronics has announced signing a contract with its United Kingdom distributor to supply up to 500 TRW/Datapoint 2200 intelligent data handling systems, manufactured by Datapoint Corp., to the British rail system. The systems will be installed as terminals for a major freight-control project. Minimum value of the Datapoint contract exceeds $3 million, with an option for an additional $2 million of equipment. Additional railroad orders are expected for the TRW/Datapoint 220s.

● *Canadian National.*—Ordered 800 box cars from National Steel Car at a cost of $16.5 million. Three hundred will be 52 ft 8 in. long and will have 18-ft double doors for use in forest products service; 400 will have 12-ft plug doors for general service, and 100 will have bulkheads for hauling auto parts. Deliveries are scheduled to begin in August and be completed in November.

● *Massachusetts Bay Transportation Authority.*—Awarded a contract amounting to $11,505,678 to Union Switch & Signal Division of WABCO for the wayside portion of a cab signal and train control system for the Haymarket-North extension (about 9.5 miles) now under construction. Other bidders for this project were Westinghouse Electric Corp. ($12,120,272) and General Railway Signal Co. ($13,998,860).

● *Norfolk & Western.*—Placed a $330,000 order with General Railway Signal for signal equipment to be used in conjunction with track relocation caused by a flood-control project in Wyoming county, W. Va. The project includes relocation of 24 miles of line, installation of about 29 miles of new track, 16 miles of traffic control signals and 24 miles of communications lines.



Source: Association of American Railroads

Moving Freight

NW EXPECTS RISE IN NEW-AUTO TRAFFIC

Norfolk & Western will purchase 263 automobile racks for installation on Trailer Train flat cars. The cost will be $2.3 million. The rack cars will be used to handle expected increases in transportation of new automobiles; they will replace multi-level cars scheduled for retirement over the next few years. Delivery of the new racks is scheduled to begin next month and be completed in June. The purchase is part of NW's $68.7-million capital improvement program for the year.

CN OFFICER URGES GRAIN-HANDLING CHANGE

Canada needs a modern delivery system in the west to handle the increasing flow of grain from the prairies to world markets, according to Canadian National's Eric P. Stephenson. Capacity of the present system is being severely strained by increasing traffic and an outdated storage and handling system, added Stephenson, who is CN vice president of cybernetic services. To meet present and future needs, he told a Grain Handling and Transportation seminar in Saskatoon, Sask., railroads, elevator companies and producers must agree on which rail lines are needed to serve the grain industry most efficiently and effectively. The Canada Grains Council, he said, provides a forum for establishing a planning base. Use of the CGC and the Canadian Transport Commission could break the present impasse which has prevented plant modernization and permit it to take place most economically.

PC TO IMPROVE CAR-MOVEMENT CONTROL

Penn Central is aiming to increase its current capacity for controlling and tracing car movements and handling customer billing. To achieve the goal, PC is installing a new communication front-end system supplied by GTE Information Systems, a subsidiary of General Telephone & Electronics Corp. Key hardware elements in the new system are two GTEIS front-end computers, one designed to be on-line 24 hours a day, seven days a week, handling data traffic from 300 communication lines. The second computer will serve as a backup system. The entire system, scheduled for completion in the first half of 1973, will provide greater throughput capacity with the ability to handle 74,000 input messages and 121,000 output messages a day.

INTERMODAL FREIGHT COMMITTEE FORMED

The Department of Transportation, Federal Maritime Commission, Interstate Commerce Commission and Civil Aeronautics Board have jointly formed the new Interagency Committee on Intermodal Cargo (ICIC) to "provide a continuing forum and top-level view of many of the current problems associated with the movement of intermodal domestic and international cargo." The committee will consider such problems as cargo liability, tariff-filing procedure, through bills of lading, commodity descriptions and coding, cargo data transmission and automatic data processing, legal barriers to intermodal transport and terminal congestion.

RAILROADS PLAN TO HAUL BALED TRASH

Baled trash, compacted in 1½-ton cubes by a facility of the American Solid Waste Systems at St. Paul, Minn., has been undergoing rail haulage tests. The material can be used for sanitary landfill and railroads offer the best prospects for economical, long-distance movement from cities which produce astronomical and growing quantities of garbage. A landfill operator is looking at the possibility of moving compacted Chicago trash to a site he has acquired and Rock Island provided two bulkhead flat cars which showed the practicability of the proposed system. Penn Central has developed a "resource recovery vehicle," a bulkhead flat with removable sides, that has been loaded at the St. Paul facility and was displayed in Cleveland, Ohio, which is due to receive a demonstration grant from the Environmental Protection Agency covering rail haulage of compacted trash.

CAR SHORTAGE PLAGUES PLYWOOD INDUSTRY

The American Plywood Association estimates that its members will be shipping 33% more plywood in 1979 than they do today—but wonders if railroads will have the cars to handle the job. The association finds three main causes for "the rail transportation crisis so frequently affecting" the softwood plywood industry: (1) "A decline in equipment ownership over the past two decades (720,000 boxcars in 1956, 550,000 today, and an estimate of only 460,000. . .in 1979)"; (2) poor utilization of cars; and (3) "excess spending by rail carriers on special equipment." The association urged its members to help alleviate immediate shortages by ordering only the cars they actually need; loading (and encouraging customers to unload) quickly; routing shipments over the most direct routes; and "keeping the association fully informed about car shortages." Recent reports to APA have described the situation in terms ranging from "substantial shortages" to "the hardest hitting in years."

(Continued from page 47)
succeeding **N.G. Anders.**

READING.—**Thomas J. Giblin,** assistant general auditor, Philadelphia, appointed comptroller. **C.William Pleiss,** general auditor, retired Jan. 31, after more than 46 years of service. **Robert A. Sutherland,** director information systems, appointed assistant comptroller. **Thomas P. Rochford,** auditor disbursements, named director-information systems. **Vincent D. Miles, Jr.,** manager corporate accounts and taxes, appointed director of accounting.

ST. LOUIS SOUTHWESTERN.—**Howard Abernathy,** district traffic representative, Dallas, named western traffic manager, San Francisco.

SANTA FE.—**Martin F.X. Ivers,** assistant district sales manager, Philadelphia, appointed district sales manager there, to succeed **Thomas X. Judy,** transferred to Chicago. **John C. Lee,** assistant to manager-traffic, Chicago, succeeds Mr. Ivers.

A.J. Lawson, manager-market research, advanced to general manager-market research.

SEABOARD COAST LINE.—**Kemper K. Hyers** appointed assistant general solicitor, Claim Division, Law Department, Richmond, Va.

L.T. Andrews, general manager-transportation, Jacksonville, retired after more than 47 years of service.

At Tampa, **P.B. Leggett,** regional sales manager, retired Feb. 28, after more than 47 years of service; **K.H. Clark** appointed assistant regional sales manager; and **J.C. Fesperman** named district sales manager.

SEABOARD COAST LINE-LOUISVILLE & NASHVILLE.—Appointments at Birmingham, Ala.: **Claude H. Ryan,** regional sales manager; **D.J. Arnold,** assistant regional sales manager; **John L. Yerby, Jr.,** and **W.L. Petrie,** district sales managers; **C.H. Hill, Alton H. Long,** and **William T. Walling, Jr.,** assistant district sales managers.

Appointments at Mobile, Ala.; **E.L. Hobbs,** regional sales manager; **Charles A. Nick,** division sales manager, and **William E. Dial,** assistant district sales manager.

Appointments at New Orleans, La.: **Eric Ellis,** division sales manager; **F.L. Campfield,** district sales manager, and **Alvin J. Angel,** assistant district sales manager.

E.R. Bumpus appointed district sales manager, Tulsa, Okla.

C.G. Galfas and **Morris G. Pruett** appointed division sales managers, Houston. **L.C. Cannada** and **Robert L. Hawkins,** named district sales managers, Dallas. **John M. Brock, Jr.** appointed division sales manager, Pensacola, Fla.

At Montgomery, Ala.: **E. Howard Holt** named division sales manager; **R.M. Mock,** district sales manager, and **Roy C. Mundy,** assistant district sales manager.

At Louisville, Ky.: **John R. Newton** appointed division sales manager; **Gene P. Aloisio** and **William S. Gahan,** assistant district sales managers and **J.E. Shelling,** general agent.

At Evansville, Ind.: **Robert L. Moye** named division sales manager and **Henry B. Ford,** district sales manager.

Other district sales managers appointed: **Jerry L. Crowe,** Owensboro, Ky.; **Roy F. Bell,**

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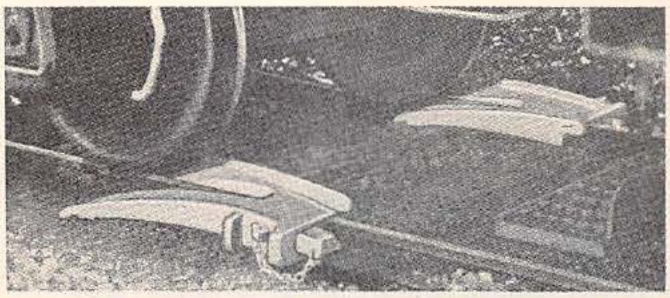

NOLAN

Circle 20 on coupon page 45

Anniston, Ala.; **James A. Gruver**, Gadsden, Ala.; **Huey B. Watts, Jr.**, Lexington, Ky.

SOUTHERN PACIFIC.—Morris E. Mitchell, traffic manager, central territory, San Francisco, promoted to the newly created position of assistant general traffic manager, Chicago.

UNION PACIFIC.—J.D. Merrick appointed director, systems research & planning, Omaha.

SUPPLY TRADE

William J. Meder has been appointed general manager, **St. Louis Car Division, General Steel Industries, Inc.**, to succeed the late **Robert E. Henderson. Thomas Ditchfield** has been named general manager, **Castings Division, GSI**, to succeed **Richard L. Lich**, resigned to become president, Transportation Equipment Division, **Dresser Industries**, Depew, N.Y.

Samuel W. Madeira has rejoined the railway division of the **Budd Co.**, as manager sales, Philadelphia. Mr. Madeira served for more than 23 years in Budd's railway sales department, rising to vice president-sales, eastern region. He left the company in 1968 when Budd was considering discontinuance of its railway operations. Budd recently announced its decision to continue the railway division under a more highly selective choice of car and accessory manufacturing contracts. For the past four years Mr. Madeira has been assistant vice president and vice president-sales, eastern region, **St. Louis Car Division, General Steel Industries.**

Max Ephraim, Jr., assistant chief engineer, **Electro-Motive Division** of **General Motors**, has been promoted to chief engineer, to succeed **Harold L. Smith**, appointed general manager (RA, Dec. 11, 1972, p. 40). **Ludvik F. Koci**, assistant chief engineer in charge of end product design and development, succeeds Mr. Ephraim as assistant chief engineer-development. **Henry H. Koci**, chief electrical rotating engineer, has been advanced to assistant chief engineer-end products, to succeed **L.F. Koci.**

Floyd P. Teas, district manager, **L.B. Foster Co.**, Birmingham, Ala., has been promoted to sales manager, Pittsburgh Division.

Thomas W. Morrison, president, **SKF Industries**, Philadelphia, elected chairman of the board. **F. James Skinner** has been elected president and chief operating officer. Mr. Skinner was formerly executive vice president, **Houdaille Industries.**

William F. Fischer has been appointed comptroller, **X-Rail Systems, Inc.**, Newark, N.J., a nationwide corporation involved in the distribution and terminaling of flowable bulk commodities for the chemical, plastics, foodstuffs, and construction materials industries. Mr. Fischer previously held management positions in industry, public accounting, and banking.

Safety Railway Service, a railcar construction, rebuilding, and repairing division, has been formed by **Commercial Metals Co.**, Dallas, Tex. The management team is headed by **Herndon Scott** and his assistants, **Ken Adamson** and **Michael Sagebiel**, and the plant in Victoria, Tex., is accessible to all major railroads.

Allan McCarthy, marketing manager, **Jackson Railroad Equipment Co.**, Lansing, Ill., has been promoted to national assistant sales manager.

INDUSTRIAL TRAFFIC

James K. McConnell has been named director of transportation and distribution, **General Cable Corp.**, at Perth Amboy, N.J. Mr. McConnell was formerly corporate director of distribution and transportation, **Penn Dixie Cement Corp.**, Nazareth, Pa.

Allen J. Simon has been promoted to director of physical distribution, **Walgreen Co.**, Chicago, succeeding **Robert G. Smith**, retired.

James E. Robinson, manager-material handling, **Wheeling-Pittsburgh Steel Corp.**, Steubenville, Ohio, has been promoted to general manager-traffic, succeeding **William G. Felton**, who took early retirement on Jan. 31.

W.B. Thomas, Jr., traffic manager, Central Division, **Gifford-Hill & Co., Inc.**, Dallas, has been promoted to general traffic manager there and has been succeeded by **D.R. Thompson**, assistant traffic manager.

Robert E. Marsh has been named traffic manager-special services, Chicago corporate traffic department, **Allied Mills, Inc.**, replacing **T.R. Forsythe**, named plant traffic and purchasing manager, Guntersville, Ala.

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Viewpoint

Score one for collective bargaining

"How could it happen?" the reporters kept asking. "How could it be the railroads—the *railroads*, of all industries—that wrote a contract 'way ahead of deadline, and without a crisis?"

How could it happen? Consider four elements: Personalities, legislation, Railroad Retirement and Phase III.

First, it happened because the people involved, in both management and labor, wanted a settlement (and that has to do with the other three elements). The fact that they found they could work closely, honestly and fairly together made what they wanted possible.

Then, there was the matter of legislation—the possibility that inability to agree might trigger new and more serious consideration of labor law reform with a possible emphasis on compulsion.

Of course, there was concern in both management and the labor organizations about the future of the Railroad Retirement system—and, while the agreement does not do the restructuring job which has been contemplated, it does propose time-frames and procedures for getting that job accomplished.

And finally, there was Phase III—that amorphous mass which nobody had quite managed to figure out, perhaps even including those who came up with it in the first place. And in the absence of guidelines—or rather in the presence of conflicting statements as to what "guidelines" are and what they do or don't mean—rail and union negotiators may simply have decided to forge ahead to try to solve their problems as rationally and reasonably as possible. They seem to have done just that, and all concerned deserve a firm "well done."

One other point might be made. Railroads *have* gone down to the wire too frequently in the past. There *have* been crises. There *have* been strikes and ad hoc government intervention and so forth. This time, the parties settled early. They settled amicably. They did it all by themselves. And, having done it once, might that not make it easier to do it again next time around?

L&D prevention: "It can be done"

While the good-conduct medals and such are being passed out, there's another group of railroad people who are also deserving: The people responsible—and there are a lot of them—for the first downturn in a decade in freight loss and damage, measured either by dollar payout or by the payout-to-revenue ratio.

L&D prevention can be a thankless task, one in which all the hard work in the world can go for nought if there's even one weak link in the distribution chain. But from all indications, prevention efforts are finally getting the top-level attention and dedication that they need—and that's true among shippers and receivers as well as among railroads. Now that the seemingly endless climb of L&D payout and ratio has been halted, the obvious goal is to keep the trend headed in the right direction, which is downward.

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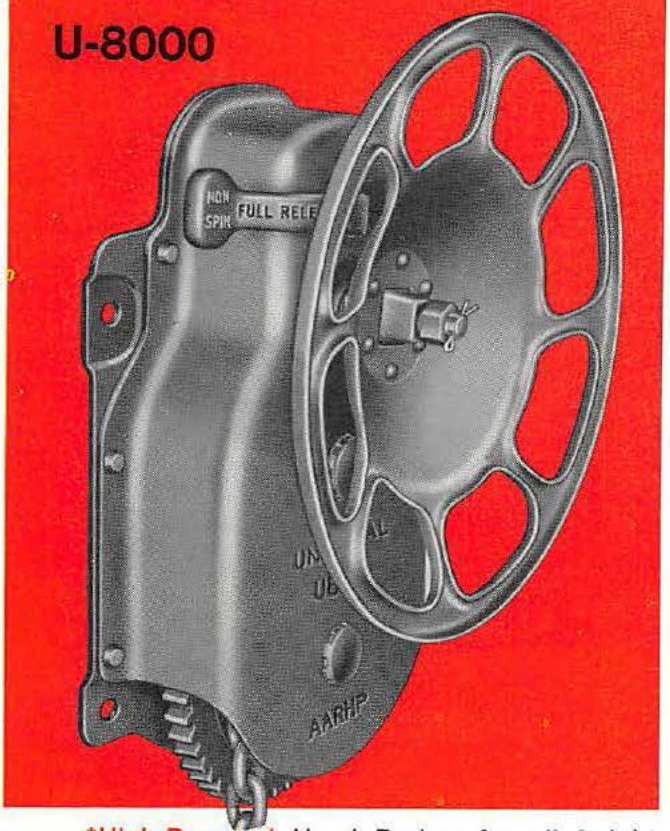

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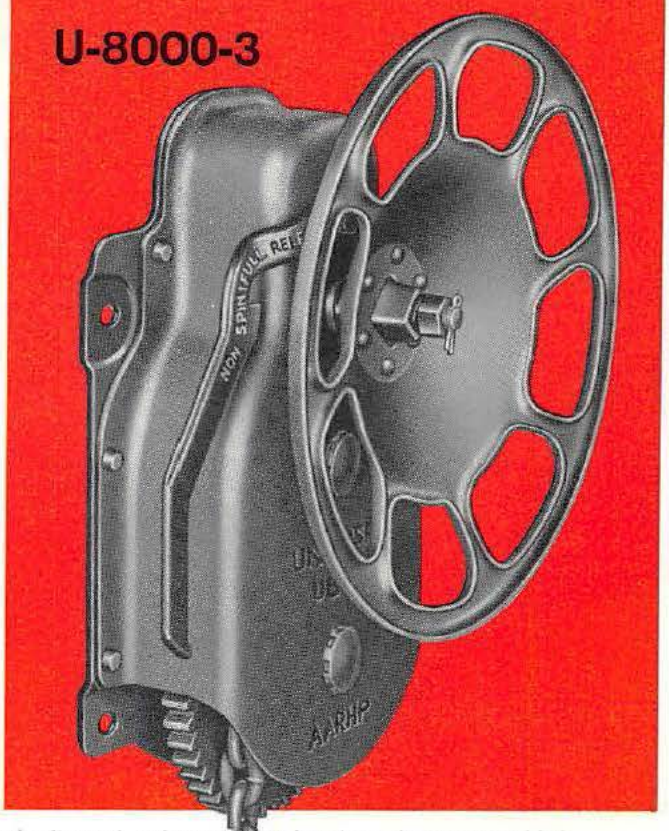

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